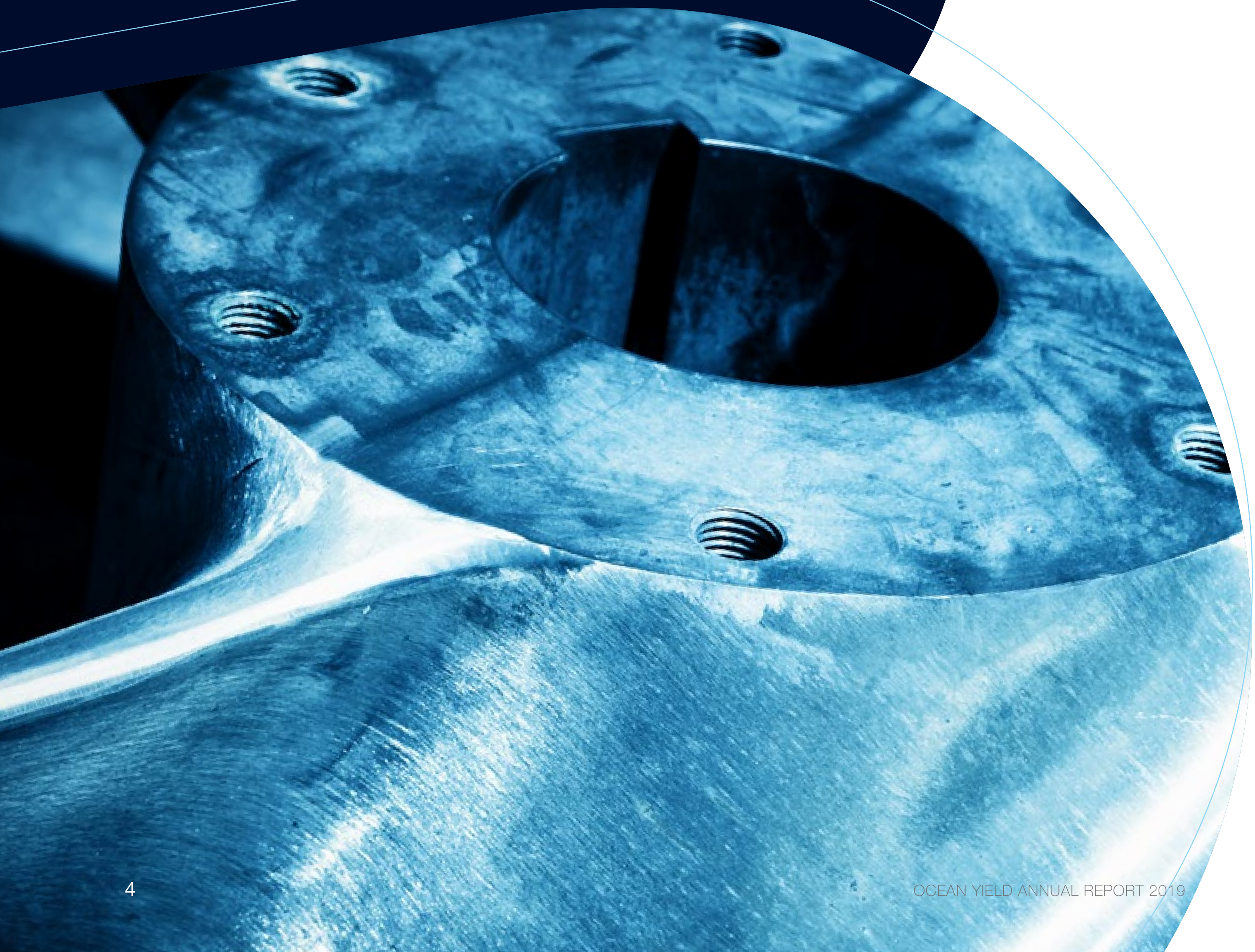
2019 ANNUAL REPORT

OCEAN YIELD

CONTENTS

OCEAN YIELD
IN BRIEF

Ocean Yield is a vessel owning company with focus on investments in vessels with long term charters. The company has a broad and diversified portfolio that counted 69 vessels as of year end, spread over 8 different shipping segments with long-term charters to 20 international counterparties that operate within shipping and oil-service. As of year end 2019, he company had an EBITDA backlog of USD 3.6 billion with an average remaining tenor of 10.5 years.



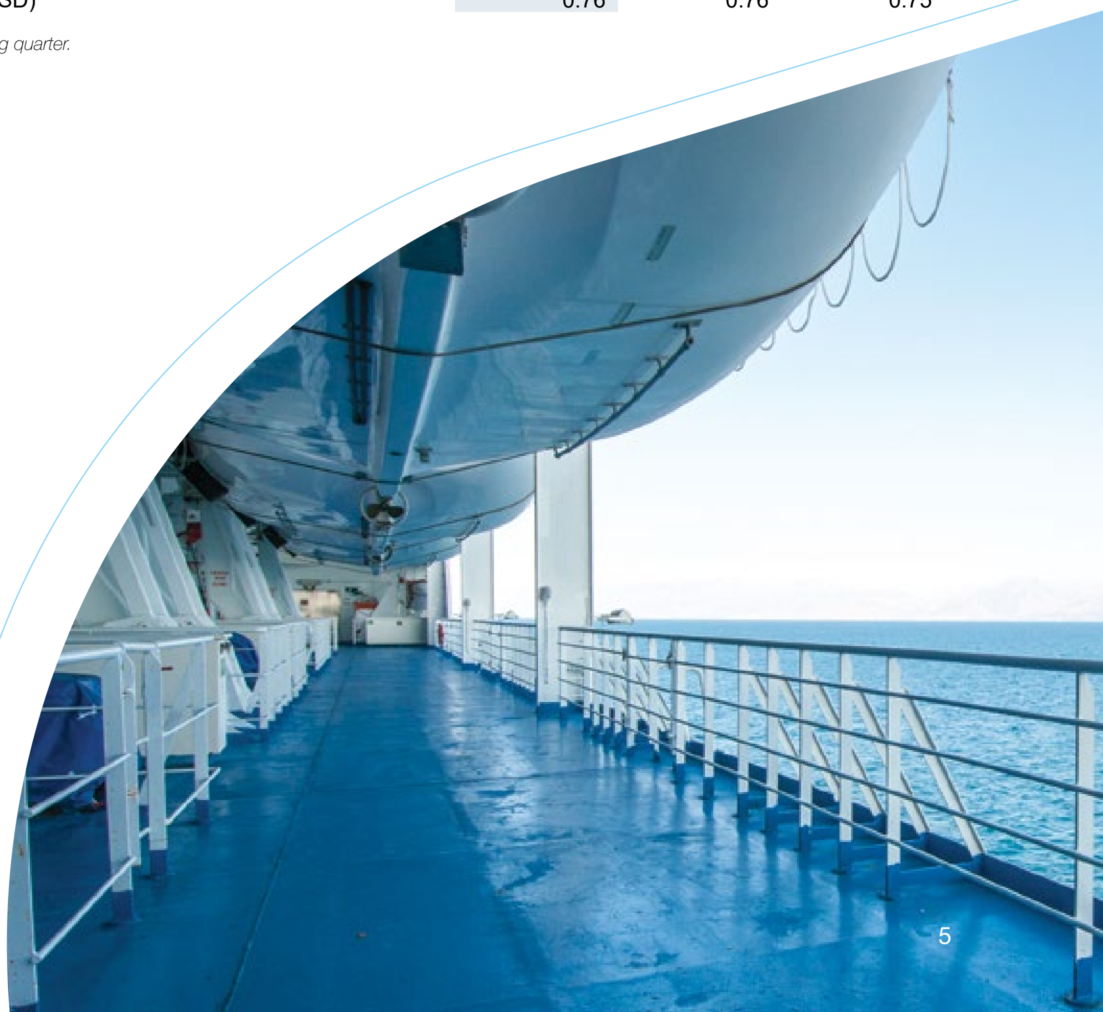
Ocean Yield ("Ocean Yield" or the "Company") is a ship owning company with investments in vessels on long-term charters. The Company is listed on the Oslo Stock Exchange and has a broad shareholder base, with Aker Capital AS, a subsidiary of Aker ASA, as the majority shareholder.

Ocean Yield currently has investments in 8 different shipping segments, including car carriers, chemical tankers, product tankers, crude tankers, container vessels, dry bulk, gas carriers and oil-service vessels. The company's fleet as of year-end 2019 consists of 69 vessels, including one newbuilding scheduled for delivery in Q2 2020. As of December 31st 2019, the EBITDA charter backlog was USD 3.6 billion with average remaining contract duration of 10.5 years. After year-end, the Company has invested in another three dry bulk vessels, which increases the fleet to 72 vessels. The business strategy is to enter into long-term, fixed rate charters, which gives visibility with respect to future earnings and dividend capacity for the shareholders. The main focus has primarily been on bareboat charters with a duration from ten to fifteen years, but the Company may also enter into time-charter contracts. Financial results in 2019 were negatively affected by loss of revenue from the FPSO Dhirubhai-1, costs related to decommissioning of the field where the FPSO was operating and an impairment of the FPSO's book value. Despite these challenges, Ocean Yield continued to invest and further diversify the portfolio of long-term charters.

Consolidated key numbers:

Amounts in USD million	2019	2018	2017
Total revenues and other income	257.0	343.4	339.1
EBITDA	222.5	282.7	306.5
EBITDA adjusted for finance lease effects	303.0	333.6	340.7
Net profit after tax	(39.9)	58.4	129.7
Adjusted Net profit	46.0	121.6	137.7
Cash and cash equivalents	185.5	110.0	98.7
Total assets	3 153.2	2 726.6	2 443.1
Interest-bearing debt	2 185.2	1 762.9	1 510.4
Net Interest-bearing debt	1 999.7	1 652.9	1 411.7
Total equity	876.6	845.7	831.5
Equity ratio	27.8 %	31.0 %	34.0 %
Dividends declared* per share (USD)	0.76	0.76	0.75

Dividends declared are paid in the following quarter.



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 in Economics and Business Administration 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 more than 20 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 held the position as CFO in Aker ASA from August 2015 until August 2019. He is now an advisor. He holds a B.A. in business administration from Handelshøyskolen BI in Oslo. Mr. Reite has previously held the position as 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 ASA and Converto AS and a board member of Aker Biomarine As and Solstad Offshore ASA.

KJELL INGE RØKKE

DIRECTOR

Kjell Inge Røkke (1958) 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 owns 68.2% of Aker ASA through The Resource Group TRG AS and subsidiaries. Mr. Røkke is Aker ASA's primary owner and Chairman. He is currently director of several companies, including Aker BP, Kvaerner, Aker Energy and Aker BioMarine.

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 an Executive Director Shipping in Exmar NV Antwerp Belgium, and is in charge of the shipping business unit, which controls 35 vessels, primarily within LPG. Mr. Ismar has a long and diversified background from the shipping industry. He was the CEO of Western Bulk AS between 2008 and 2019 and prior to this he was Director in Bergesen d.y./ BW Gas in charge of Chartering and Operations from 2001 to 2008. Prior to this he was Managing Director in Lorentzen & Stemoco AS and held various broker positions in Stemoco and Inge Steensland. Mr Ismar has a Bachelor of Business Administration from the Lund University in Sweden.

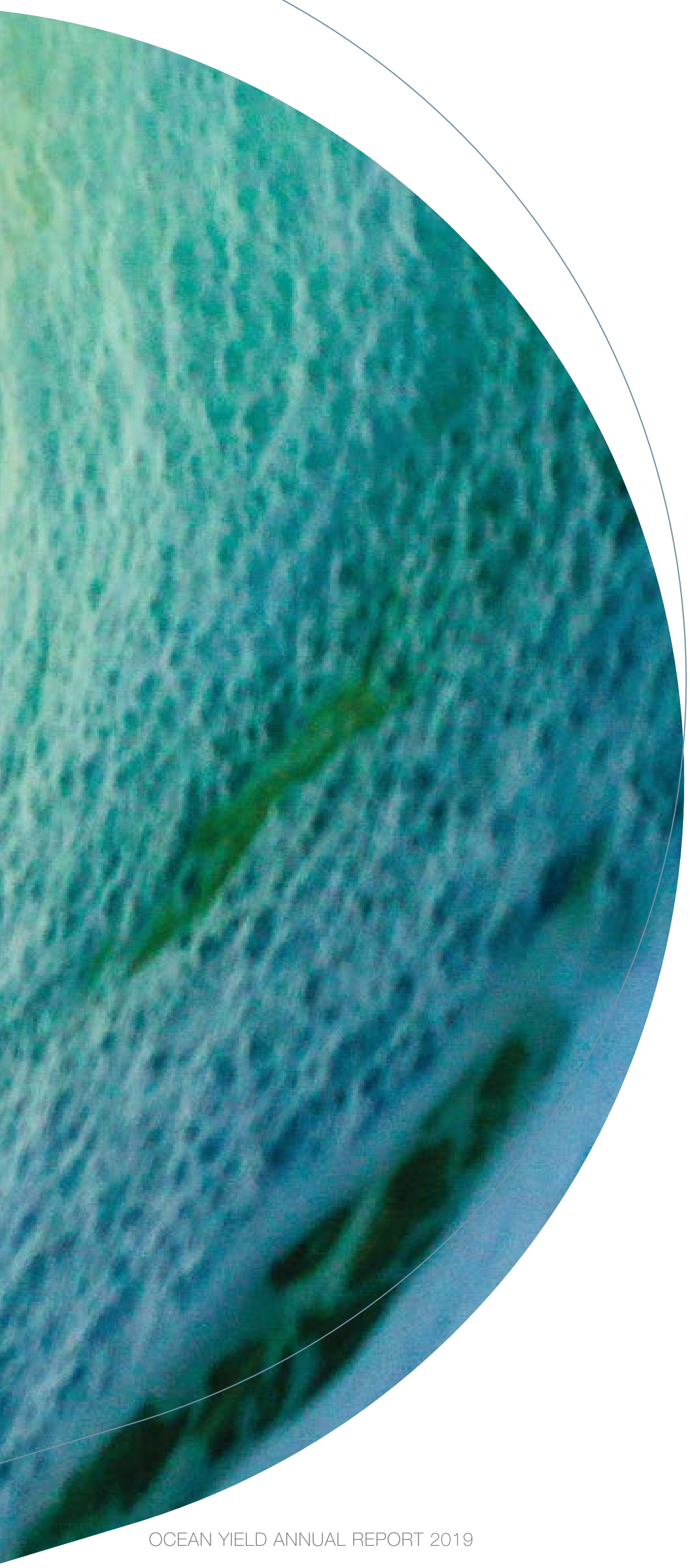
ANNICKEN GANN KILDAHL

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 dry-bulk 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

ANOTHER YEAR OF GROWTH, DESPITE CERTAIN CHALLENGES



2019 was a year of continued fleet growth for Ocean Yield, as the company invested another USD 438 million in vessels on long-term charter. The Company grew the fleet with investments in another 12 vessels during the year. All vessels are fixed on long-term charters.

As of year-end 2019, the fleet counted 69 vessels, including one newbuilding dry bulk vessel scheduled for delivery in Q2 2020. The charter backlog was USD 3.6 billion with an average remaining tenor of 10.5 years. Including an investment in three dry bulk vessels announced after year-end, the fleet counts 72 vessels, including vessels scheduled for delivery in 2020.

Although the Company experienced a positive fleet growth and further diversification of the fleet, results were negatively impacted by weak offshore and oil service markets. The Company has one FPSO without contract, which is being marketed for sale as from Q1 2020. This vessel was subject to an impairment in 2019. In addition, the Company has one subsea installation vessel which has been trading on shorter time-charter contracts. Also, the Company has two AHTS vessels with long-term charters to Solstad Offshore ASA, which is going through a financial restructuring and hence did not pay any charter hire during 2019.

Ocean Yield continued its policy of paying quarterly dividends to its shareholders during 2019. In total USD 0.7640 in dividends per share was declared during the year and a total of USD 121.6 million of dividends were paid out.

The world is currently experiencing a serious and rapid spread of COVID-19. The World Health Organisation (WHO) has declared the situation and the virus a pandemic. This tragic virus outbreak affects a significant number of people, and it also affects businesses and economies worldwide. A recession scenario is plausible, but the long-term impact on shipping and financial markets are hard to predict given the current situation and may have a negative impact on the coming quarters.

THE GROUP'S STRATEGY AND FLEET

Ocean Yield invests in vessels on long-term charters across multiple segments. The fleet as of year-end counted 29 tankers, 10 container vessels (of which six are owned 49.9%), 7 oil service vessels (of which one is owned 75%), 13 dry-bulk vessels, 6 car carriers, 3 gas carriers and one FPSO. As of year-end 2019, 65 out of 69 vessels were chartered out on long-term contracts with an average duration of 10.5 years. This is excluding the two AHTS vessels on charter to Solstad Offshore ASA.

Ocean Yield's head office is in Bærum, Norway.

REVIEW OF 2019

NEW INVESTMENTS
During 2019, the Company acquired (or agreed to acquire) another 12 vessels with long-term charters.

The year started with an investment in a modern Suezmax tanker with 13-year bareboat charter to Okeanis Eco Tankers Corp. with a net purchase price of USD 49.0 million.

Then in the second quarter, Ocean Yield invested in two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of seller's credits, with 11-year bareboat charters to Scorpio Bulkers Inc. In this transaction, Ocean Yield committed to part finance the exhaust scrubber installation on both vessels, which will reduce sulphur emissions, with an additional USD 3 million. This investment was followed by the acquisition of another dry-bulk vessel, being a 206,000 dwt Newcastlemax newbuilding for a total consideration of USD 40 million, net of prepaid charter hire, with 15-years bareboat charter to CMB NV. This newbuilding is scheduled for delivery in Q2 2020.

In the third quarter, Ocean Yield agreed to acquire a handysize, dry bulk newbuilding with 10-years bareboat charter to a company owned and guaranteed by Interlink Maritime Corp. The purchase price was USD 18 million net of pre-paid charter hire and the vessel was delivered from the shipyard at the end of September 2019.

In the fourth quarter, Ocean Yield agreed to acquire a modern ethylene gas carrier for a total net consideration of USD 69.75 million, with 13-years bareboat charter to Navigator Holdings Ltd. Then the Group agreed to acquire two Newcastlemax dry bulk newbuildings with 13-years bareboat charter to companies owned and guaranteed by 2020 Bulkers Ltd. The total purchase price was USD 84 million net of prepaid charter hire. Both vessels were delivered from the yard later in the same quarter.

Later in the fourth quarter, Ocean Yield agreed to acquire four modern LR2 product tankers with about 10-years remaining charters to companies owned and guaranteed by Navig8 Topco Holdings Inc. from a major Chinese leasing company. The net purchase price was approximately USD 132 million in total, or an average price of USD 33 million per vessel. All four vessels were delivered to the Company towards the end of the fourth quarter.

VESSELS WITHOUT LONG-TERM CHARTER

FPSO DHIRUBHAI-1
Following completion of a 10-year contract in India in 2018, the FPSO Dhirubhai-1 has been re-marketed for new employment. In 2019, Ocean Yield entered into an agreement with Aker Energy AS ("Aker Energy"), where Aker Energy was given an option for a long-term bareboat charter of the FPSO Dhirubhai-1. The FPSO was intended to be used for oil and gas production offshore Ghana, on a new oil and gas development. The option agreement was extended several times during the year, where the latest expiry date was 31st December 2019. Following delays in the decisions processes in Ghana, Aker Energy chose not to extend the agreement beyond 31st December 2019 and the option elapsed. In parallel to this, other opportunities have also been evaluated for the vessel, but it is taking more time than earlier envisaged to find a satisfactory solution. Due to the uncertainty around the employment situation, an impairment of the vessel's book value of USD 68.4 million was taken in the third quarter. As from Q1 2020 the vessel will be reclassified as "held for sale" in the financial statements.

CONNECTOR
The subsea construction and cable installation vessel Connector, has been trading on short-term time charters during 2019. The oil-service market remains challenging and the vessel was idle for a major part of the fourth quarter. After the end of the fourth quarter, the vessel was awarded a new time-charter contract with Ocean Installer for a period of approximately 175 days. The vessel will perform subsea installation in the South China Sea. The new contract commenced in March 2020.

FAR SENATOR AND FAR STATESMAN
Ocean Yield has two AHTS vessels on long-term charter to subsidiaries of Solstad Offshore ASA ("Solstad"). Solstad is in a financial restructuring and entered into a standstill agreement with all its creditors in December 2018. Hence no cash revenue has been recognized for these vessels during 2019. As of the date of this Annual Report, negotiations are ongoing with Solstad with respect to the bareboat charters for these two vessels. If a successful restructuring takes place, it is expected that the charter contracts will be replaced by new contracts with amended terms.

VLCCS ON CHARTER TO OKEANIS ECO TANKERS

In the fourth quarter, a notice was received from certain subsidiaries of Okeanis Eco Tankers, who are chartering four VLCCs on long-term bareboat charter, where Okeanis claimed that they had a right to exercise an option to purchase the vessels back from Ocean Yield, outside the regular purchase options in the lease. Ocean Yield disputed their right to do so and the matter was referred to arbitration. In February 2020, an arbitration tribunal ruled in favour of Ocean Yield.

DIVIDENDS

During 2019 Ocean Yield continued its policy of paying quarterly dividends to its shareholders. For 2019, USD 121.6 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 ordinary general meeting in April 2020. The General Meeting in April 2020 will vote on a new authorization to the Board, for payment of quarterly dividends up until the General Meeting in 2021.

EVENTS AFTER YEAR END

In the fourth quarter and post quarter end, certain subsidiaries of Navig8 Chemical Tankers Inc. has exercised the five-

Ocean Yield continued its policy of paying quarterly dividends to its shareholders during 2019.

year purchase option in the lease for the vessels Navig8 Aquamarine and Navig8 Amessi. The purchase price for the two vessels is USD 53.0 million en-bloc and the transactions will be effectuated in June and July 2020.

Also post quarter end, the Company agreed to acquire two Ultramax and one Kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc. In addition, Ocean Yield has committed to part finance the scrubber installation on the vessels, with an additional of USD 1.5 million per vessel during 2020. The two ultramax vessels are built in 2015 and 2016 and the kamsarmax vessel is built in 2018. Two vessels were delivered to the Company during Q1 2020 and the third is expected to be delivered early in Q2 2020. Scorpio Bulkers will have certain options to either trigger a sale or acquire the vessels during the charter period.

The COVID-19 virus continues to spread across the world. Even though the development is followed closely, a worst-case scenario may have a negative impact on certain counterparties which can negatively affect Ocean Yield. As the COVID-19 virus is having a growing impact on the world economy, the financial impact is currently highly uncertain.

Due to the extraordinary market volatility and the unknown outcome of the current macro and COVID19 situation, it is expected that the dividend per share in Q1 2020 will be lower than earlier guiding. The dividend for Q1 2020 will be decided by the Board of Directors on the 5th of May 2020 and published together with the Q1 Report.

FINANCING

SECURED VESSEL FINANCING

During 2019, the Company has entered into seven new secured financing agreements for the long-term financing of its vessels. In total USD 481 million of secured bank debt has been raised during the year. In addition, the Company is working on securing debt facilities related to the dry bulk newbuilding with long-term charter to CMB and related to the vessel Interlink Eternity. These are expected to be closed during Q1 2020.

The main aspects of the new debt facilities are as follows:

- *A USD 39 million senior secured loan facility for the financing of the Suezmax vessel with long-term charter to Okeanis co Tankers.*
- *A USD 35 million senior secured loan facility for the financing of two dry bulk vessels with long-term charter to Scorpio Bulkers Ltd.*

- *A USD 75 million senior secured loan facility for the financing of two PSV vessels on long-term bareboat charter to Aker BP. This was a refinancing of an existing facility, but the loan amount was increased.*
- *A USD 54 million senior secured loan facility for the financing of one gas carrier with long-term bareboat charter to Navigator Gas.*
- *A USD 76 million senior secured loan facility for the financing of two newbuilding dry bulk vessels on long-term bareboat charter to 2020 Bulkers Ltd.*
- *A USD 126 million senior secured loan facility for the financing of four LR2 product tankers with long-term bareboat charter to Navig8 Topco Holdings Inc.*
- *A USD 75 million senior secured loan facility for the financing of one subsea construction vessel on long-term bareboat charter to SBM Offshore. This was a refinancing of an existing facility where the outstanding amount was refinanced and extended.*

The interest rate in the loan facilities are subject to LIBOR plus a margin with tenors varying between five and ten years.

CORPORATE FUNDING

During 2019, Ocean Yield completed several transactions in the capital markets, including senior unsecured bonds, hybrid bonds and issuance of new equity.

In the third quarter, Ocean Yield completed a new perpetual hybrid, callable bond issue ("Hybrid Bond") of USD 125 million, with quarterly dividend payments, carrying a coupon of LIBOR + 6.50% p.a. The Hybrid bond issue attracted strong interest and was oversubscribed. The net proceeds of the Hybrid Bond was used for general corporate purposes and new investments. The Hybrid Bond has been accounted for as book equity and is subordinated to the Company's outstanding senior unsecured bonds.

In the fourth quarter, Ocean Yield successfully completed a private placement of 15,935,143 new shares at NOK 45 per share, raising gross proceeds of approximately NOK 717 million. The proceeds from the private placement was used to fund new investments as well as for general corporate purposes.

Finally, at the end of the fourth quarter, Ocean Yield successfully completed a new bond issue of NOK 750 million, carrying a coupon of 3 months NIBOR + 4.25% p.a. The bond issue attracted strong interest and was well oversubscribed. The net proceeds from the bond issue was used to partly refinance the bond issue OCY03, which had maturity in 2020. In connection with the bond issue, the Company bought back NOK 439.0 million in OCY03 and the remaining NOK 458.5 million was prepaid in January 2020.

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 2019 are as follows:

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

Please refer to Note 6 for more details on the business segments.

FINANCIAL REVIEW

CONSOLIDATED FIGURES - PROFIT AND LOSS

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 2019.

Operating revenues were USD 107.1 million in 2019 compared with USD 236.3 million in 2018. The decrease in Operating revenue from 2018 mainly relates to the expiry of the contract for the FPSO Dhirubhai-1 in September 2018.

Finance lease revenues were USD 114.1 million in 2019 compared with USD 82.9 million in 2018. The increase is related to delivery of further vessels to the fleet. During the year 2019, Ocean Yield took delivery of another 15 vessels, which all are classified as finance leases.

Income from investment in associates, which is related to the 49.9% investment in Box Holdings Inc., were USD 22.9 million in 2019 compared with USD 24.2 million in 2018.

Total revenues and other income for 2019 were USD 257.0 million compared with USD 343.4 million for 2018.

Vessel Operating Expenses were USD 14.6 million in 2019 compared with USD 23.2 million in 2018. The decrease is mainly due to lower operating expenses on the FPSO Dhirubhai-1 which completed its contract in September 2018.

Write down on trade receivables were USD 0.4 million in 2019 compared with USD 19.5 million in 2018. The write down in 2018 was related to receivables from the former charterer of the FPSO.

EBITDA was USD 222.5 million in 2019 compared with USD 282.7 million in 2018. Adjusted for finance lease effects the EBITDA was USD 303.0 million in 2019 compared with USD 333.6 million in 2018.

Depreciation and amortization was USD 74.3 million in 2019, compared with USD 98.7 million in 2018. The reduction compared with 2018 mainly relates to the FPSO Dhirubhai-1, where the depreciation profile changed following expiry of the charter contract in September 2018 and an impairment of the book value.

Impairment charges and other non-recurring items were USD 80.6 million for the year 2019. This is mainly related to impairment of the book value on the FPSO and provisions for decommissioning of the MA-field where the FPSO was operating. This compares to USD 32.2 million of impairments and other non-recurring items in 2018, which were mainly related to an impairment of the book value of two AHTS vessels on long-term charter to a subsidiary of Solstad Offshore ASA, provisions for decommissioning in India and an impairment of goodwill related to the FPSO.

Financial income was USD 3.9 million in 2019 compared with USD 19.2 million in 2018. The decrease mainly relates to a decrease in foreign exchange gains, which were USD 1.6 million in 2019, compared with USD 16.0 million in 2018. 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. In addition there is a decrease related to the sale of bonds in American Shipping Company ASA, which was completed during the second quarter of 2018.

Financial expenses were USD 107.9 million in 2019, compared with USD 109.4 million in 2018. In 2019 the Group had USD 102.6 million in interest expenses compared to USD 82.3 million in 2018. The increase is mainly related to increased long-term debt as a result of vessel deliveries. Financial expenses also includes a change in fair value of financial instruments of USD 3.6 million in 2019, compared with USD 23.3 million in 2018.

Change in fair value of financial instruments were negative with USD 3.6 million in 2019 compared with negative USD 23.3 million in 2018. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings. The change in fair value of financial instruments had no significant cash impact.

The Net profit before tax in 2019 was negative USD 36.4 million compared with positive USD 61.6 million for 2018.

Tax payable was USD 1.0 million in 2019 compared with USD 0.5 million in 2018.

Change in deferred tax was negative with USD 2.5 million in 2019, compared with negative USD 2.8 million in 2018.

The Net profit after tax for 2019 was negative USD 39.9 million compared with a Net Profit of USD 58.4 million for 2018. 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 46.0 million in 2019 as compared with USD 121.6 million in 2018.

FINANCIAL POSITION AS OF DECEMBER 31ST 2019

The Ocean Yield Group had total assets as of 31st December 2019 of USD 3,153.2 million, compared to USD 2,892.0 million for 2018. Total equity was USD 876.6 million at the end of 2019 compared with USD 845.7 million at the end of 2018. During 2019, the Company completed a private placement of 15.9 million new shares, with gross proceeds of NOK 717 million or approximately USD 78 million. Other changes in equity include other comprehensive income of negative USD 16.9 million, dividends of USD 121.6 million, dividends on hybrid capital of USD 2.7 million. The book equity ratio was 27.8% at the end of 2019, compared with 31.0% at the end of 2018. Cash and cash equivalents at year-end 2019 were USD 185.5 million, in addition to un-drawn credit facilities of USD 48 million, giving a total liquidity position of USD 233.5 million. Total interest bearing debt was USD 2,185.2 million year-end 2019, compared to USD 1,762.9 million year-end 2018. Net interest bearing debt was USD 1,951.7 million, compared to USD 1,652.9 million in 2018.

CASH FLOW

Net Cash flow from operating activities was USD 119.8 million in 2019, compared to USD 192.4 million for 2018. The difference between the Operating profit before depreciation and amortisation of USD 222.5 million and Net cash flow from operating activities of USD 119.8 is as follows:

Amounts in USD million	2019
EBITDA	**222.5**
Mobilization fee, advances and deferred revenue	-6.4
Write down on trade receivables	0.4
Income from investment in associates	-22.9
Dividend received from investments in associates	21.1
Realized foreign exchange loss	-4.5
Other financial expenses	-1.6
Net interest paid	-88.9
Taxes paid	-0.7
Net change in working capital	0.9
Cash flow from operating activities	**119.8**

Gross cash flow used for investments in vessels, including vessels accounted for as finance leases and investments in associates were USD 614.8 million in 2019. Net cash flow used for investing activities was USD 540.8 million for the year, compared to USD 421.3 million for 2018. The amounts in 2019 are related to the delivery of another 15 vessels during the year, which includes one Suezmax tanker, four VLCCs, five dry bulk vessels, four LR2 product tankers, one gas carrier.

Net positive cash flow from financing was USD 493.9 million in 2019, compared to cash flow from financing of USD 241.8 million for 2018. In 2019, this is mainly related to repayment of debt of USD 354 million, payment of dividends of USD 121.6 million, issuance of new long-term debt of USD 772.8 million, issuance of new equity of USD 77.3 million and issuance of hybrid capital of USD 123.1 million. For 2018, the main movements were issuance of new long-term debt of USD 530.8 million, dividends of USD 119.1 million, repayment of debt of USD 263.4 million and net proceeds from issuance of new shares of USD 95.5 million.

Net cash flow for the year 2019 was USD 72.9 million, resulting in cash and cash equivalents of USD 185.5 million at the end of the year. This compares to net cash flow of negative USD 13.0 million for 2018. 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. The Group had capital expenditure commitments related to one newbuilding of USD 28 million at the end of the year, which is fully covered by bank financing.

PARENT COMPANY – OCEAN YIELD ASA

The net profit after tax for the parent company Ocean Yield ASA was USD 230.1 million for the year 2019 compared to a loss of USD 24.4 million for the year 2018. Total assets were USD 2,439.2 million and total equity was USD 761.1 million, resulting in an equity ratio of 31% in the parent company. Total long-term debt was USD 1,300.3 million.

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 2019. 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

The world is currently in the middle of the COVID-19 crisis, and how this will unfold remains uncertain.

Ocean Yield has taken measures to mitigate substantial negative impacts on the company. However, in a worst-case scenario, the COVID-19 crisis may have substantial negative effects on the world economy, and thereby also have a negative effect on Ocean Yield.

The COVID-19 crisis increases the risk regarding the going concern assumption for most companies. This may also be the case for Ocean Yield. Although the risk has increased, the assessment is that the entity has the ability to continue as a going concern.

Therefore, pursuant to section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption, on which the financial statements have been prepared, is deemed appropriate.

RISK AND RISK MANAGEMENT

Refer also to Note 5 and note 30 for further details on Risk and Risk management.

MARKET RISK

As of year-end 2019, 65 out of 69 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 a charter contract and in the event of a counterparty default. For the FPSO, the Company is exposed to asset risk and potential further impairment risk related to this vessel, following the completion of a 10-year contract in September 2018 and that the vessel is currently in lay-up. Several opportunities are under evaluation for the FPSO Dhirubhai-1.

In addition, the Company is exposed to operating- and employment-risk on the subsea construction and cable-lay vessel Connector, as well as impairment risk related to the vessel's book value. The Connector, which has been operating on short-term contracts during 2019 is being marketed for future employment, both as a subsea construction and cable-lay vessel. Due to challenging market conditions, the Company expects low revenues for this vessel also in 2020.

Further, Ocean Yield has two AHTS vessels on long-term charters to a subsidiary of Solstad. As a consequence of the on-going financial restructuring of Solstad, the charter contracts are likely to be amended. No cash revenue has been recognized for these vessels in 2019.

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 has been exposed to operating risk also for this vessel, however the vessel is now moved into lay-up with limited operational risk.

FINANCIAL RISK

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. Hence, a major part of the debt portfolio is funded on a floating interest rate basis, where the interest rate risk is covered by the floating interest clauses in the leases. 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 3,178 million in NOK loans and had interest and currency swaps of NOK 3,000 million in total, which effectively swapped these loans from NOK to USD. These interest rate swaps are subject to security deposit agreements which requires the Company to pledge cash as security if the negative mark-to-market value moves above certain thresholds.

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 from drawdown. 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 broad range of capital market products.

COUNTERPARTY 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 counteparty default. The spread of the corona virus, combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets. This may have a negative impact on the counterparties chartering our vessels and may trigger defaults under current bareboat contracts.

In December 2018 a standstill agreement with certain subsidiaries of Solstad Offshore ASA was entered into. This standstill agreement continued throughout 2019. 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.

As of the date of this Annual Report, negotiations are on-going with Solstad with respect to the bareboat charters for these two vessels. It is expected that the charter contracts will be replaced by new contracts with amended terms.

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 stand-

ards, the environment and anti-corruption measures in a separate document in this Annual Report for 2019 approved by the Board of Directors. Please refer to the Corporate Social Responsibility Statement/ESG Report 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 2019.

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

In 2019, Ocean Yield has paid USD 121.6 million in dividends. A dividend of USD 0.1910 per share, or approximately USD 33.4 million in total, was approved by the Board of Directors on 12th February 2020 for Q4 2019. This was paid on 26th February 2020 and is reflected in the accounts of the parent company Ocean Yield ASA.

The parent company, Ocean Yield ASA had a net profit after tax of USD 230.1 million for the year 2019. The Board of Directors proposes the following allocation of the net profit of USD 230.1 million: USD 124.6 million in dividends, USD 30.5 million from other paid-in capital and USD 135.9 million to retained earnings.

OUTLOOK

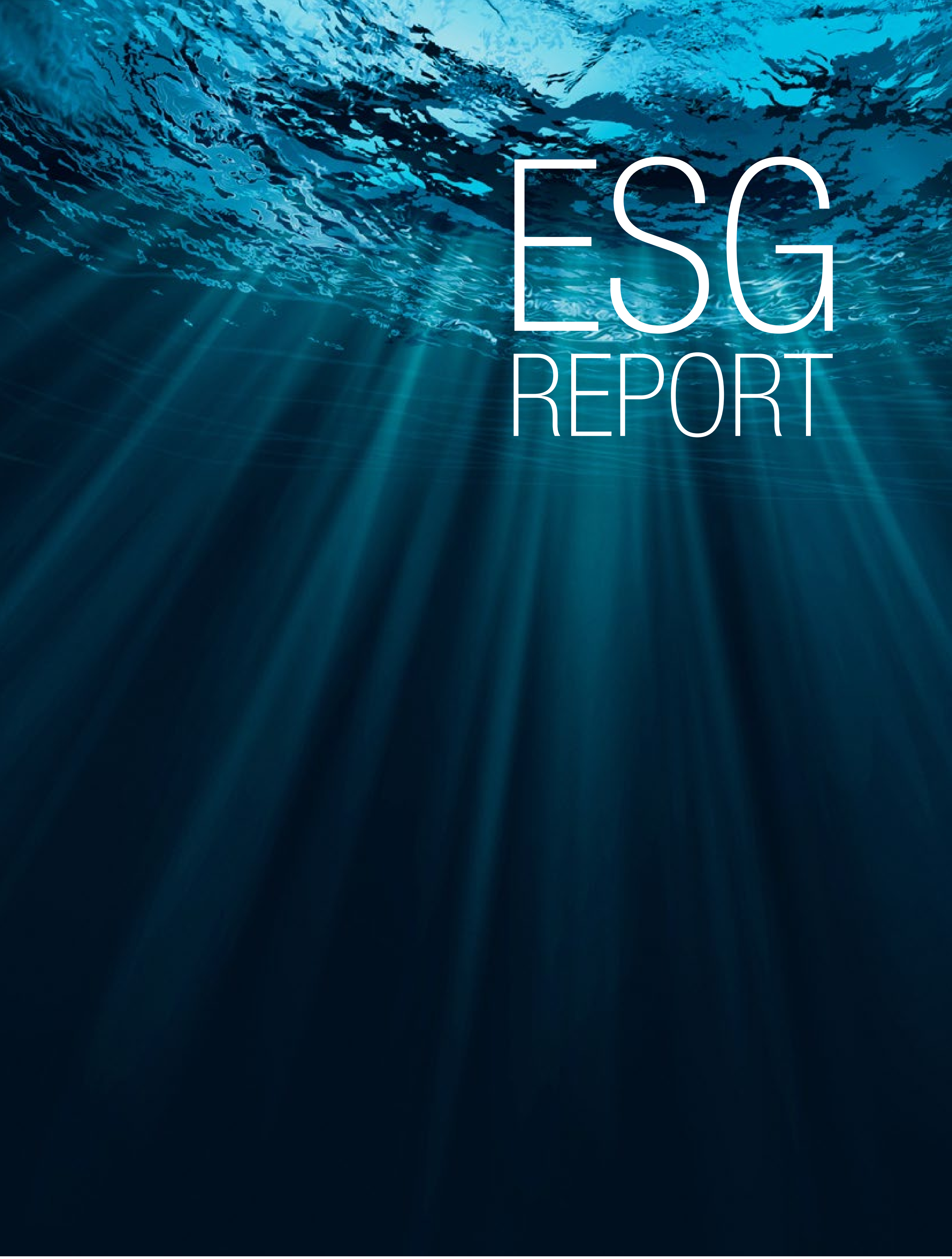
The spread of the corona virus combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets. Measures have been implemented in order to limit any major disruption to operations.

Including investments made after year-end, Ocean Yield has 68 out of 72 vessels on long term bareboat contracts and this is expected to reduce the impact of the current market volatility. Some of our counterparties may however, be negatively impacted by the reduced activity level and we are therefore monitoring the situation closely. The long term impact of the current events is difficult to predict.

Once the COVID-19 situation is under control and we see a stabilisation of the world economy and financial markets, the Company's ambition is to continue to grow its fleet of long-term charters.

BÆRUM 23RD MARCH 2020
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



ESG REPORT

2019

ESG REPORT

ESG is the consideration of environmental, social and governance factors in the day-to-day operations of the Company. ESG is growing in significance among both institutional and retail investors. In Ocean Yield, the consideration of Environmental impact is incorporated into the investment process alongside traditional financial analysis.

E

Focuses on a company´s environmental disclosure, environmental impact, energy efficiency, and any efforts to reduce pollution or carbon emmisions.

S

Refers to the workplace mentality (e.g. diversity, management, HSSE, human rights) as well as any relationships surrounding the community (e.g. corporate citizenship and philantropy).

G

Accounts for board composition and independence, accounting risk and audit committee structure, compensation shareholders rights and the relationship between shareholders and management.

ENVIRONMENT

FUEL CONSUMPTION / EMISSIONS

Ocean Yield's strategy since the inception has been to invest in modern fuel-efficient vessels with eco-design where possible. This strategy has resulted in a young fleet of 69 vessels with average age of only 3.8 years, which is one of the youngest fleets among the listed shipping companies.

65 vessels are chartered out on long-term bareboat charter contracts, where the lessee/counterparty is responsible for the use of the vessel, including operations, crewing and maintenance. As our clients are responsible for operations, Ocean Yield is not reporting on the actual fuel consumption or emissions related to these vessels.

Seaborne transportation remains the most cost- and energy efficient way to transport large volumes of commodities and finished goods around the world. The shipping industry is continuously developing new technologies to reduce and eliminate GHG emissions. However, currently there are no technological solutions available to drastically reduce emissions from current levels.

Ocean Yield believes it is vital to invest in modern vessels that contribute to significant reductions in emissions compared to older vessels. Since 2015, most tier 1 shipyards has started to deliver vessels with ECO-design, where more efficient engine technology, hull- and propeller design contribute to significant reductions in emissions. In addition, these ECO-vessels are typically designed to operate at lower speeds, which is a significant contributor to reduced emissions.

As an illustration, a modern VLCC with ECO-design typically will consume about 40 tons per day of heavy fuel oil during operations at sea, while a VLCC with non-eco design will have fuel consumption of about 60 tons per day. An older VLCC (above ~15 years of age) will have fuel consumption of about 80 tons per day. Thus, an eco-design VLCC reduces fuel-oil consumption with about 33% compared to a VLCC with non-eco design, and about 50% reduction compared to an older VLCC.

Fearnley's Securities has calculated the theoretical consumption of Ocean Yield's commodity shipping vessels, which shows a significant reduction in fuel consumption vs. the average global fleet.

Average consumption of Ocean Yield's vessels vs. global average

- *20 product / chemical vessels: 9% reduction*
- *9 crude tankers: 17% reduction*
- *13 dry bulk vessels: 13% reduction*
- *10 container vessels: 4% reduction*

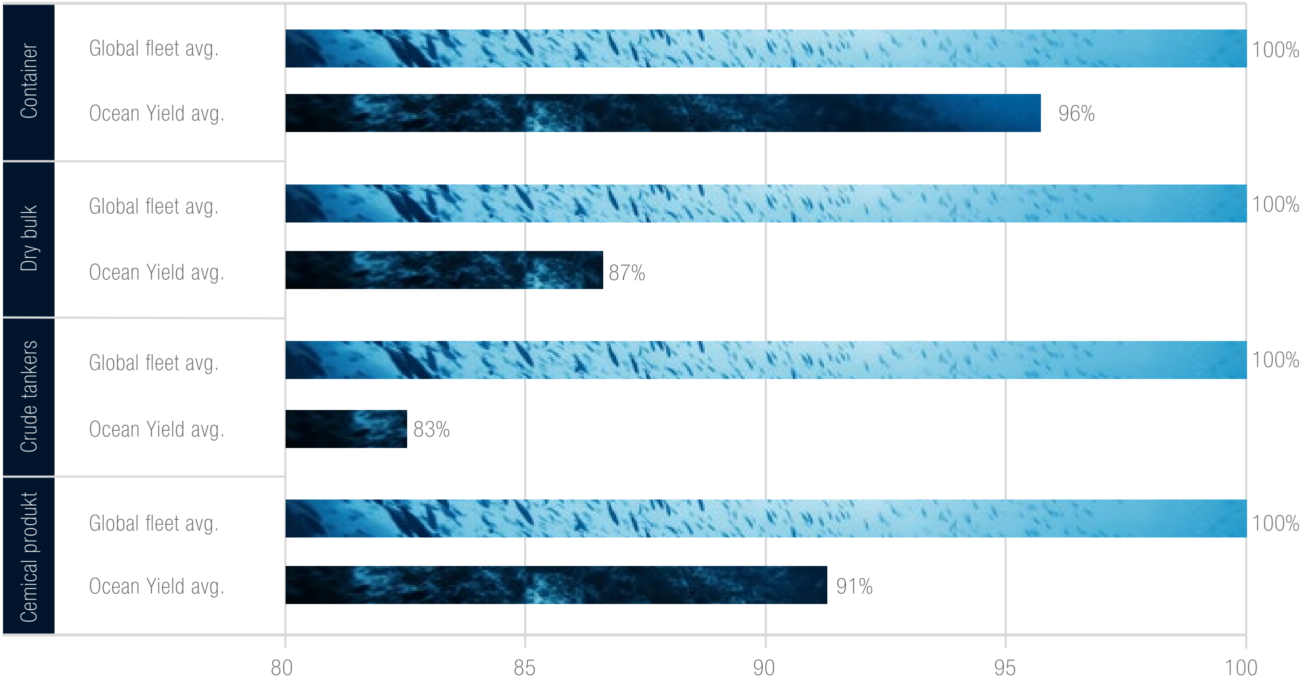
On average, these 52 vessels have 11% reduction in fuel consumption vs. the respective global average. No comparable data are available for non-commodity vessels.

INVESTMENTS IN DUEL-FUEL GAS VESSELS

In 2016, Ocean Yield took delivery of two newbuilding ethylene gas carriers with long-term charter to Hartmann Redereei in Germany and 10-year sub-charters to Sabic. The two gas ships were ordered by Hartmann and Ocean Yield at the Sinopacific Offshore & Engineering yard in China for transporting ethane derived from US shale gas to European crackers for the production of ethylene. The vessels are designed to run on Ethane gas. Gaschem Beluga and Gaschem Orca are powered by the world's first M-type, electronically controlled, gas-injection engines (ME-GIE) supplied by MAN Diesel & Turbo. Already in 2018 the vessels successfully logged 10,000 hours running on ethane in their two-stroke, high-pressure, dual-fuel engines.

According to MAN, the combustion performance of the ME-GIE's diesel-cycle engine, enhanced by the relatively high gas-injection pressure, enables it to operate on almost any gas quality, without any reduction in efficiency.

Fuel savings on Ocean Yield fleet vs. global average



Source: Fearnley's Securities

The engine can run on a mixture of LPG and methane, or ethane, with an unchanged gas-mode efficiency. Such a mixture may comprise as much as 50% LPG, while MAN Diesel & Turbo's findings thus far indicate that an even greater LPG percentage can be used. MAN Diesel & Turbo contends that the negligible methane/ethane/LPG slip of the ME-GI engine makes it the most environment-friendly, two-stroke technology available.

In 2019, Ocean Yield acquired the ethylene vessel Navigate Aurora from Navigator Holdings Ltd. with a bareboat charter back to Navigator Holdings Ltd. for 13 years. The vessel, Navigator Aurora, is a 37,300 cbm ethylene gas carrier that was built in 2016. This state-of-the-art vessel is operating on a sub-charter to the European chemical group Borealis for the transportation of ethane from the U.S. East Coast to Europe until December 2026. The propulsion and electrical systems are designed to use LNG as fuel in addition to conventional fuel. Further, the vessel is currently going through a project to also use ethane as fuel.

Including this vessel, Ocean Yield has three vessels that can use ethane as fuel, reducing emissions substantially compared to vessels that utilize conventional fuel.

IMO 2020 - INTERNATIONAL MARITIME ORGANISATION

From 1 January 2020, the International Maritime Organisation (IMO) has implemented a limitation on the amount of sulphur in fuel oil used on board ships operating outside designated emission control areas. The new limit is maximum 0.50% m/m (mass by mass) which is down from 3.5% m/m. This limit is set in Annex VI of IMO's International Convention for the Prevention of Pollution from Ships (MARPOL). According to IMO, this is expected to reduce SOx emissions from ships with about 8.5 million tons per annum or equivalent to a 77% reduction.

There are several ways shipping companies can comply with the new regulation.

- *Use a compliant fuel oil with a Sulphur content that does not exceed 0.50%*
- *If exceeding 0.50%, use an exhaust gas cleaning system ("scrubber")*
- *Use an alternative fuel (LNG, ethane or methanol)*
- *Use onshore power supply when at berth*

Several of Ocean Yield's vessels have, or will have in 2020, installed exhaust gas cleaning systems while the remaining vessels operate on compliant low sulphur fuel oil.

BALLAST WATER TREATMENT SYSTEMS

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of aquatic organisms and pathogens within ballast water and sediments.

All ships engaged in international trade are required to manage their ballast water so as to avoid the introduction of alien species into coastal areas, including exchanging their ballast water or treating it using an approved ballast water management system.

Ocean Yield makes sure that ballast water treatment systems are in place on all new vessels, complying with the IMO BWM regulation.

ENVIRONMENTAL POLICY & MANAGEMENT SYSTEM

Ocean Yield has very limited operation of own vessels, as most of the fleet is chartered out on long-term bareboat contracts, where the counterparty is responsible for the operation and management of the vessels. However, two vessels are not operating on bareboat contracts; the FPSO Dhirubhai-1 and the subsea construction vessel Connector. Operations of the Connector has been outsourced to a subsidiary of Solstad Offshore ASA, who has long experience in operating subsea vessels. The FPSO has very limited operation as the vessel is currently in lay-up. Operation of the FPSO is mainly conducted through the subsidiaries Aker Floating Productions AS and AFP Operations AS. These companies have a policy to conduct its operations in a manner that is environmentally responsible and in compliance with legal and regulatory requirements.

The companies are committed to:

- *Operate according to the ISO 14001 certification standard, class, flag, industry and any international or local regulatory requirements*
- *Comply in accordance with requirements set by contracts*
- *Evaluate and optimize operations to reduce material consumption, waste and damage to the environment*
- *Monitor and minimize emissions to air and sea*
- *Reduce chemical consumption in our operations to as low as reasonable practicable*
- *Actively promote recycling of waste both internally and amongst our suppliers*
- *Design facilities and services to be energy and natural resources efficient and no undue environmental impact*

We achieve this by

- *Establishing environmental KPIs and targets and monitoring these on a regular basis*
- *Periodically reviewing the environmental policy*
- *Providing training, information and procedures for the prevention of pollution to air and sea.*

The KPIs and targets shall capture the environmental objectives and be an integral part of the company's monitoring system. Environmental achievement are evaluated and reported on a regular basis.

ENVIRONMENTAL REQUIREMENTS ON OUR LESSEES / COUNTERPARTIES

Ocean Yield's long-term charters are documented through bareboat charter contracts, which are based on the internationally recognized standard BIMCO 2001. Our bareboat charters have clear requirements for how the counterparty operating the vessel shall comply with international environmental regulations. The contracts place a legal responsibility on the counterparty for compliance with international conventions, codes and regulations, including the International Convention for Safety of Life at Sea 1974 (SOLAS), MARPOL Convention, the STCW 95, the ISM Code and the ISPS Code. The charters also regulate that the vessels must be insured against oil spills and environmental incidents. This includes any incident in which environmentally sensitive material is released into the sea through a collision or similar which would lead to a negative impact on the environment.

The contracts also regulate that the counterparty operating the vessel must have all relevant environmental permits in place relating to any environmentally sensitive material.

In addition, the contracts regulate compliance with any class requirements related to the vessels and that the counterparty must comply with any changes in class regulations at all times. Finally, the contracts contain regulations with regards to interaction with sanctioned countries/parties and limitation of trading in war zones

RECYCLING OF VESSELS

Ocean Yield has a very modern fleet and currently no recycling candidates. The Company is committed to environmentally friendly recycling of ships. Any vessels that are under Ocean Yield's control will be subject to environmentally friendly recycling according to the Hong Kong Convention as a minimum.

GREEN PASSPORT

Many of our bareboat charters contain requirements towards Green Passports, which is a document prepared in accordance with the guidelines to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, including the Guidelines for the development of the Inventory of the Hazardous Materials, listing all the potentially hazardous materials on board the Vessels.

POSEIDON PRINCIPLES

In 2019, a number of international banks took the initiative to the Poseidon Principles, a global framework for responsible ship financing, integrating climate considerations into lending decisions in order to promote international shipping's de-carbonization.

Ocean Yield has since the launch of the Poseidon Principles implemented requirements in new bareboat charters, imposing requirements on the counterparty to report to Ocean Yield with respect to our vessels in accordance with the Poseidon Principles.

RISKS RELATED TO GREEN HOUSE GASES

The company recognizes the traditional risks related to green house gases and these are covered in the Company's Risk Management Process. The key risks related to Green House Gases are related to potential new regulations and technologies that potentially would make Ocean Yield's vessels less competitive in the market with a corresponding risk of lower economic values. We mitigate these risks by requiring pre-paid charter hire from our clients and use conservative residual value assumptions. We also believe that our focus on modern fuel efficient vessels is key risk mitigator.

SOCIAL

FINANCIAL SUPPORT FOR CHARITY INITIATIVES

Ocean Yield has committed to provide financial support to the foundation "Stiftelsen VI" over a five-year period, together with several other companies in the Aker Group. The foundation "Stiftelsen VI" was established in the autumn of 2018 and works for persons with impairments being given the

same opportunities to perform well as non-disabled persons. Persons with impairments are an important resource. However, it is a fact that many persons suffering from disability suffer from reduced life quality, poorer health and higher levels of isolation than non-disabled persons.

Persons with impairments are also given fewer opportunities to engage in physical activity or other interests. Both the living conditions survey published by Statistics Norway and other studies show that there is a large gap in the opportunities afforded non-disabled persons and persons living with disability. The foundation Stiftelsen VI seeks to address this important issue.

Ocean Yield has also provided financial support to Plastic Mission, an initiative for clean-up of plastic waste on beaches and coastal areas in Norway, started by a group of students on the west coast of Norway.

DEVELOPMENT OF HUMAN CAPITAL / CODE OF CONDUCT

Ocean Yield has since the inception of the Company implemented a Code of Conduct. In its business activities, Ocean Yield will comply with all applicable laws and regulations and act in an ethical and socially responsible manner.

Ocean Yield's Code of Conduct applies to its directors, officers, employees, hired personnel and others acting on behalf of Ocean Yield. The expectation is that each individual shall act as a role model in this respect. All employees shall familiarize themselves with and follow the Code of Conduct.

Further details on the Code of Conduct are available on the company's website www.oceanyield.no

All individuals must refrain from any conduct that can have an adverse effect on the working environment of Ocean Yield. The Company strives for a workplace in which diversity is valued, and in which every employee has the opportunity to develop their individual skills and talents. 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.

We believe in equal opportunity for men and women. Women accounted for 41% of the total number of employees as of year-end 2019 (36% in 2018). The Board of Directors consists of three men and two women.

Human capital development is important to the company's growth and productivity. The Company promotes a corporate culture with open feedback and has a relatively flat organization structure. Retaining and developing human talent is important and has a clear focus within Ocean Yield. All employees are subject to a performance review on an annual basis.

HEALTH & SAFETY

As previously stated, Ocean Yield has today only operating responsibility for two vessels, as the rest of the fleet is chartered out on bareboat contracts. Ocean Yield's subsidiary AFP Operations AS is responsible for technical and commercial management of the FPSO Dhirubhai-1, which is currently in lay-up. Given the status of the vessel, the scope of operations is currently limited. Nevertheless,

ESG is the consideration of environmental, social and governance factors in the day-to-day operations of the Company.

AFP Operations 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 International Safety Management (ISM) code, ISO 9001 and ISO 14001 and all international, local and contractual requirements. In addition, Aker Floating Production AS has obtained ISO 37001, anti-corruption certification.

We have a safety standard based on the Incident and Injury Free principle, since we believe that most injuries to personnel can be prevented. During its time of operation in India, the FPSO operated over 10 years without any Lost-Time-Incidents. Aker Floating Production also provides training, information and procedures to its employees. Through continued ISO 14001 compliance with robust KPIs, targets and monitoring, Aker Floating Production strives to have the least negative impact as possible on the environment when operating the FPSO.

In addition, AFP Operations has complete emergency preparedness procedures and regular training exercises on emergency incidents.

We achieved a sick leave rate of 0.55% in 2019 compared to 0.79% in 2018.

FREEDOM OF ASSOCIATION

Ocean Yield promotes a responsible employment environment and respects to universal principles and norms that protect human rights in employment, including the respect to the freedom of association and the freedom to conduct collective negotiations.

GOVERNANCE

Corporate Governance defines a framework of rules and procedures by which Ocean Yield governs and controls its business. Good corporate governance is about establishing a sound platform for such a framework and applying the company's values in order to create value for Ocean Yield's stakeholders. Ocean Yield is of the view that good corporate governance is a prerequisite for value creation, promoting the long-term interests of shareholders, strengthening the Board's and management's accountability and help to build public trust in the company. The corporate governance principles are important to Ocean Yield and shall be incorporated in the company's culture, by its employees and Board of Directors.

Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and are based on the Norwegian Code of Practice for Corporate Governance ("NUES") available at www.nues.no. Any deviation from the "NUES" principles have been explained in the Corporate Governance Statement published together with the annual report.

WHISTLEBLOWER PROGRAM / INTEGRITY CHANNEL

Ocean Yield ASA's vision and core values are designed to cultivate and refine a corporate culture in which people deliver excellent results in a responsible manner. As an active owner, Ocean Yield aims to do business with reputable counterparties in the maritime industry. Ocean Yield wants to be recognized as a company with high ethical standards.

The Company has a defined Code of Conduct, and we have established an integrity channel to allow employees and others to raise concerns about improper activities or misconduct and report instances of potential non-compliance with our values without fear of retaliation. Such improper activities or misconduct may include HSE violations, harassment, insider trading, money laundering, fraud, bribery and kickback arrangements, or other breaches of Ocean Yield ASA's Code of Conduct. Reviews on business ethics and Code of Conduct are conducted on an annual basis.

Ocean Yield's employees are encouraged to first discuss any compliance matters internally with their immediate supervisor or another member of senior management. If such measures are not deemed to be sufficient, incidents may be reported through an independent whistleblower/integrity channel.

Reports received through the integrity channel are initially received and handled by an independent third party; the law firm PricewaterhouseCoopers (PwC). PwC is dedicated to maintaining high ethical standards and handles all submissions with confidentiality. As in 2018, no cases were reported in 2019.

ZERO TOLERANCE FOR CORRUPTION

Ocean Yield does not tolerate any form of corruption and will make active efforts to ensure that this does not occur in the Company's business activities. Corruption is a serious form of crime which must be combatted. Ocean Yield's Code of Conduct and Anti-corruption Policy contain principles on relevant issues such as bribes, gifts, services and other forms of corruption. Ocean Yield takes this seriously and its fully owned subsidiary Aker Floating Production AS obtained the ISO 37001 anti-corruption certification by DNV GL as the first Norwegian company with such certification. Aker Floating Production AS has implemented a supplier audit program to review suppliers implementation of business ethics and anti-bribery controls. Ocean Yield's employees are expected to lead by example, exhibiting good ethics and morals. Please refer to the anti-corruption policy for further details, which can be found at www.oceanyield.no.

SUPPLIER STANDARDS

As part of the anti-bribery program in Aker Floating Production, vendors and suppliers to the operations of the FPSO must acknowledge and accept that

- *The anti-bribery requirements and business ethics policy are reviewed and accepted*
- *Channel for reporting of concerns is known*
- *Books and records of transactions will be kept accurate*
- *Client has the right to audit the implementation of anti-bribery controls and records of reimbursable expenses under the supplier contract*

Any deliberate violation of the commitments will lead to a termination of contract.

Furthermore, the terms and conditions in supplier contracts states that the contractor shall comply with all applicable laws and regulations relating to health, safety, welfare and the working environment. The contractor shall further comply with additional requirements related to these topics if required by us. Failure to maintain a satisfactory standard are deemed to be a material breach of contract.

REPORTING TO STAKEHOLDERS

Ocean Yield will communicate relevant business information in full and on a timely basis to its external stakeholders and employees. 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.

BOARD OF DIRECTORS

As defined in the Company's articles of association, the Board of Directors comprises between three and seven members. When the nomination committee is elected, recommendations will normally include a proposal for appointment of board members and Board Chairman, which is subject to approval by the shareholders' meeting.

The Board members are considered independent of the Company's controlling shareholder, executive management and significant business associates except for Kjell Inge Røkke and Frank O. Reite. No Company executives are Board members. The Board consists of two women and three men. Three out of five board members are independent.

Board members represent a combination of know-how, capabilities, and experience from finance and industry. The Board members are encouraged to own shares in the Company. Board members' shareholdings are presented in Note 31 in the annual report.

RISK MANAGEMENT

Ocean Yield's risk management process shall identify potential threats in order to develop a strategy for minimizing or eliminating these risks. The process includes the following:

- *Definition of business goals and identification of risks*
- Risk assessment and mitigation
- Risk reporting, monitoring and improvement

The risks are reported and discussed with both the Audit Committee and Board of Directors.

MANAGEMENT INCENTIVES

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, CFO and other key employees are entitled to a variable salary calculated on the development of the market price of the shares and dividends paid on the shares. There are no fees paid to management companies or other structures. This should align the interest of management and shareholders.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Consolidated statement of profit and loss and total comprehensive income

Amounts in USD million	Note	2019	2018
Operating revenue	7	107.1	236.3
Finance lease revenue	8	114.1	82.9
Income from investments in associates	15	22.9	24.2
Other revenue	9	12.9	-
Total revenues and other income		**257.0**	**343.4**
Vessel operating expenses		-14.6	-23.2
Wages and other personnel expenses	10	-9.1	-8.5
Other operating expenses	10	-10.8	-29.0
EBITDA		**222.5**	**282.7**
Depreciation and amortization	14	-74.3	-98.7
Impairment charges and other non recurring items	11	-80.6	-32.2
Operating profit (EBIT)		**67.5**	**151.8**
Financial income	12	3.9	19.2
Financial expenses	12	-107.9	-109.4
Net financial items	12	**-104.0**	**-90.2**
Net profit before tax		**-36.4**	**61.6**
Income tax expense (-) / benefit (+)	13	-3.4	-3.2
Net profit after tax		**-39.9**	**58.4**
Attributable to:			
Equity holders of the parent		-43.5	57.0
Non-controlling interests		0.9	1.4
Dividends on hybrid capital		2.7	-
Net profit after tax		**-39.9**	**58.4**
Basic and diluted earnings per share (USD)	17	**(0.27)**	**0.36**

Total comprehensive income

Amounts in USD million	Note	2019	2018
Net profit after tax for the period		(39.9)	58.4
Other Comprehensive income, net of income tax			
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit liability (asset)		-0.1	-0.0
Total for items that will not be reclassified to the income statement		**-0.1**	**-0.0**
Items that are or may be reclassified to the income statement			
Share of other comprehensive income from investment in associates		-15.5	0.0
Change in fair value of financial assets		-0.8	-4.0
Currency translation differences		-0.6	-2.8
Total for items that are or may be reclassified to the income statement		**-16.8**	**-6.7**
Total change in other comprehensive income, net of income tax		**-16.9**	**-6.7**
Total comprehensive income		**-56.8**	**51.6**
Attributable to:			
Equity holders of the parent		-60.4	50.3
Non-controlling interests		0.9	1.4
Dividends on hybrid capital		2.7	-
Total comprehensive income for the period		**-56.8**	**51.6**

Consolidated statement of financial position at 31st December

Amounts in USD million	Note	2019	2018
ASSETS			
Vessels and other fixed assets	14	1 053.7	1 195.6
Deferred tax assets	13	0.1	-
Investments in associates	15	178.2	191.9
Interest-bearing long term receivables	16	1 506.6	1 054.2
Other shares and other non-current assets	16	2.3	3.2
Total non-current assets		**2 740.9**	**2 444.9**
Interest-bearing short term receivables	16	219.8	134.1
Trade receivables and other interest-free receivables	5	7.1	37.6
Cash and cash equivalents	5	185.5	110.0
Total current assets		**412.3**	**281.7**
Total assets		**3 153.2**	**2 726.6**
EQUITY AND LIABILITIES			
Share capital		271.0	253.7
Treasury shares		-0.1	-0.0
Other paid-in capital		366.1	387.3
Total paid-in capital	17	**637.0**	**641.0**
Retained earnings and other reserves		101.4	204.7
Total equity attributable to equity holders of the parent		**738.4**	**845.7**
Hybrid capital	17	125.0	-
Non controlling interests		13.2	0.0
Total equity		**876.6**	**845.7**
Interest-bearing long term debt	20	1 909.0	1 572.0
Deferred tax liabilities	13	2.6	-
Pension liabilities		0.0	0.0
Fair value of derivatives		23.7	26.7
Other interest-free long term liabilities	21,22	8.3	12.2
Total non-current liabilities		**1 943.6**	**1 610.9**
Interest-bearing short term debt	20	276.2	190.9
Current provisions	23	12.4	25.7
Trade and other payables		44.5	53.3
Total current liabilities		**333.0**	**269.9**
Total liabilities		**2 276.6**	**1 880.8**
Total equity and liabilities		**3 153.2**	**2 726.6**

BÆRUM, 23RD MARCH 2020
OCEAN YIELD ASA

FRANK O. REITE
CHAIRMAN

KJELL INGE RØKKE
DIRECTOR

JENS ISMAR
DIRECTOR

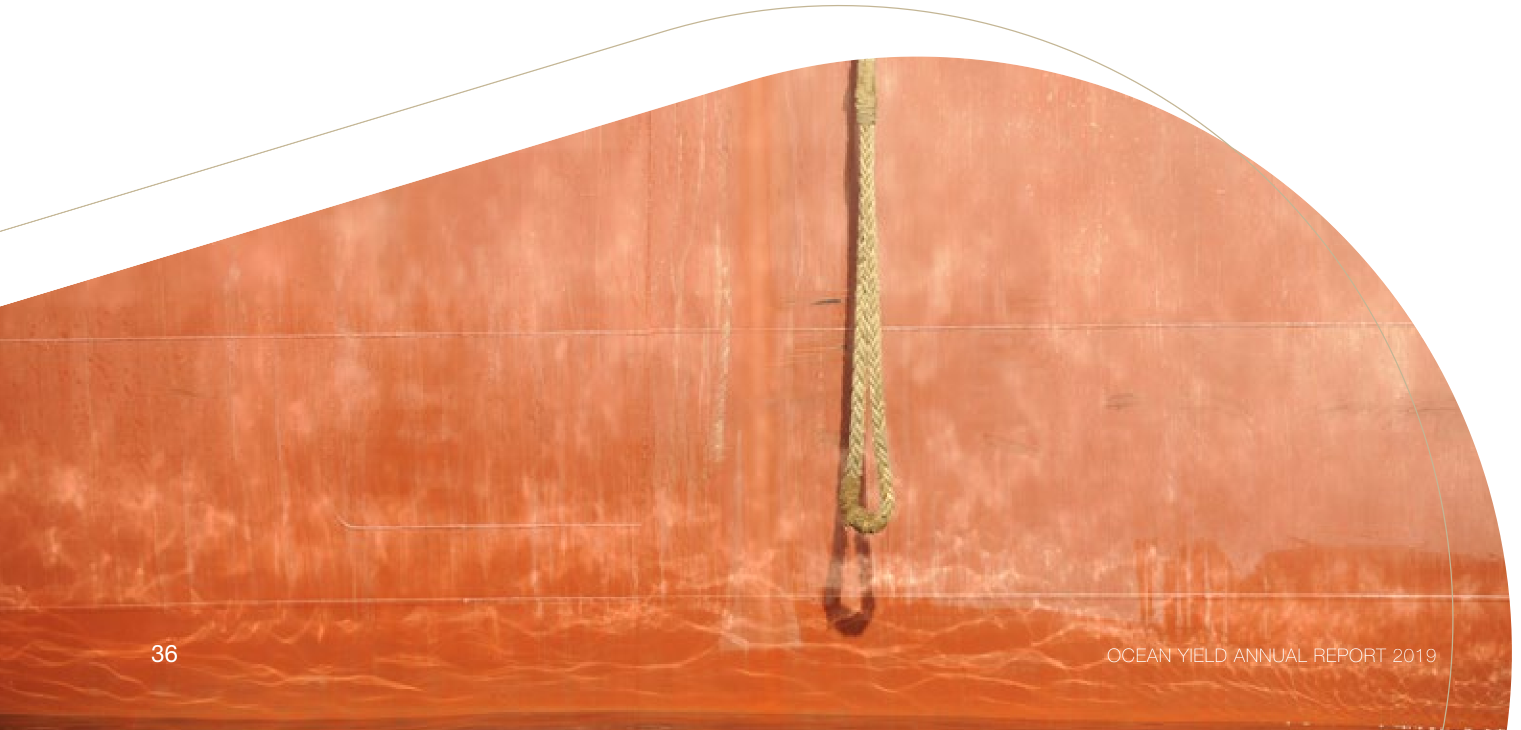
ANNE-CHRISTIN DØVIGEN
DIRECTOR

ANNICKEN GANN KILDAHL
DIRECTOR

LARS SOLBAKKEN
CEO

Consolidated statement of changes in equity

Amounts in USD million	Share capital	Share premium	Treasury shares reserve	Fair value reserve	Trans-lation reserve	Retained earnings	Share-holders equity	Hybrid capital	Non-controlling interests	Total equity
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 to share premium	-	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**
Net profit after tax for the period	-	-	-	-	-	-40.7	-40.7	-	0.9	-39.9
Other comprehensive income	-	-	-	-0.8	-0.6	-15.6	-16.9	-	-	-16.9
Total comprehensive income	-	-	-	-0.8	-0.6	-56.3	-57.7	-	0.9	-56.8
Dividend	-	-60.9	-	-	-	-60.7	-121.6	-	-0.0	-121.6
Dividend on hybrid capital	-	-	-	-	-	-2.7	-2.7	-	-	-2.7
Issuance of ordinary shares	17.3	60.7	-	-	-	-	78.0	-	-	78.0
Expenses related to issuance of shares, net of tax	-	-0.8	-	-	-	-	-0.8	-	-	-0.8
Issuance of hybrid capital	-	-	-	-	-	-	-	125.0	-	125.0
Expenses related to issuance of hybrid capital, net of tax	-	-	-	-	-	-1.9	-1.9	-	-	-1.9
Treasury shares acquired	-	-	-1.5	-	-	-	-1.5	-	-	-1.5
Treasury shares sold	-	-	1.2	-	-	-0.3	0.9	-	-	0.9
Minority's share of capital increase in subsidiary	-	-	-	-	-	-	-	-	12.2	12.2
Transfer from share premium to retained earnings	-	-20.3	-	-0.0	-	20.4	-	-	-	-
Balance at 31st December 2019	**271.0**	**366.1**	**-0.4**	**-11.9**	**-42.0**	**155.6**	**738.4**	**125.0**	**13.2**	**876.6**



Consolidated statement of cash flows

Amounts in USD million	Note	2019	2018
Profit before tax		-36.4	61.6
Taxes paid		-0.7	-1.7
Net interest expenses (+)		100.4	79.9
Interest paid		-96.3	-74.6
Interest received		7.4	4.9
Impairment charges and other non recurring items	11	80.6	32.7
Depreciation and amortization	14	74.3	98.7
Income from investments in associates	15	-22.9	-24.2
Dividend received from investments in associates		21.1	22.6
Unrealized foreign exchange gain/loss		-6.1	-15.0
Change in fair value of financial instruments		3.6	23.3
Changes in other operating assets and liabilties		-5.2	-15.7
Net cash flow from operating activities		**119.8**	**192.4**
Acquisition of vessels and equipment	14	-0.5	-2.6
Acquisition of vessels accounted for as finance lease receivables	8	-568.4	-411.0
Repayment on finance lease receivables	8	80.5	50.9
Net cash flow from other non-current assets	8	-45.9	-91.9
Investments in associates	15	-	-1.6
Net cash flow from interest-bearing long term receivables		-6.5	34.9
Net cash flow from investing activities		**-540.8**	**-421.3**
Proceeds from issuance of long-term interest-bearing debt	20	772.8	530.8
Repayment of long-term interest-bearing debt	20	-354.0	-263.4
Repayment on finance lease liabilities		-0.4	
Dividend paid	17	-121.6	-119.1
Dividend on hybrid capital		-2.7	
Dividend paid to non-controlling interests		-	-1.8
Net proceeds from issuance of new shares		77.3	95.5
Net proceeds from issuance of hybrid capital		123.1	
Net change in treasury shares		-0.6	-0.1
Net cash flow from financing activities		**493.9**	**241.8**
Net change in cash and cash equivalents		**72.9**	**13.0**
Exchange rate differences		2.6	-1.6
Cash and cash equivalents 1st January		110.0	98.7
Cash and cash equivalents 31st December	**5**	**185.5**	**110.0**

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 2019 consolidated financial statements of Ocean Yield ASA incorporate the financial statements of the Company and its subsidiaries owned as of 31st December 2019 (referred to collectively as the "Group" and separately as group companies).

The Group has investments in vessels within 8 different shipping segments.

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 2019.

The consolidated financial statements for 2019 were approved and authorized for issue by the Board of directors on 23rd March 2020. The consolidated financial statements will be presented to the Annual General Meeting on 22nd April 2020 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 2019 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 14 Vessels and other fixed assets.

IMPAIRMENT OF FINANCE LEASE RECEIVABLES

The Group had as of year-end 2019 47 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

The Group has adopted IFRS 16 Leases from 1 January 2019. Other new standards and amendments are effective from 1 January 2019, but they do not have a material effect on the Group's financial statements.

The implementation of IFRS 16 Leases was 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 has not had significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to previous practice.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The Group has identified two agreements where a right-of-use asset and a lease liability has been recognized. The lease liability related to these agreements was USD 1.3 million as of 1st January 2019.

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 statement of cash flows. 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 statement of profit and loss 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.

Ocean Yield's Malta office operates the Group's bareboat fleet.

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

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 2019 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 statement of financial position 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 interest-bearing receivable, split into a non-current and a current part.

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 2019 and 2018 Loans and receivables comprise 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 2019 or 2018 in the Group companies. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the statement of profit and loss 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 2019 and 2018, 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.

LEASE AGREEMENTS (AS LESSEE)

The Group has recognised new assets and liabilities for its rental of offices. The nature of expenses related to these leases has changed because the Group has recognised a depreciation charge for right-of-use assets and interest expenses on lease liabilities.

RIGHT-OF-USE ASSETS

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and the lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is generally depreciated on a straight-line-basis over the shorter of its estimated useful life and the lease term and is subject to impairment assessment of non-financial assets.

The vessel "Connector" has been trading on short-term contracts during 2019.


G-SNSH
Håkon Seim

LEASE LIABILITIES

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease payments include fixed payments and variable lease payments that depend on an index or rate. The variable lease payment that does not depend on an index or rate is recognised as expense in the period in which it is incurred. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amounts expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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 statement of profit and loss, 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 is 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 statement of profit and loss. 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 statement of financial position as deferred income.

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 statement of profit and loss. 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 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 2018. The authorization is valid until the Annual General Meeting in 2020.

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:

- *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 2019 the Group has 47 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 2019, 65 out of 69 vessels are on long-term contracts (excluding the two AHTS vessels on charters to Solstad Offshore ASA) 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.

The FPSO Dhirubhai-1 has been marketed for new employment following the completion of the 10-year contract in September 2018. The Group has been evaluating several opportunities, but it is taking more time than earlier envisaged to find a satisfactory solution. If an acceptable solution is not found, there is a risk for further impairment of the book value of the FPSO.

The subsea construction and cable installation vessel Connector, has been trading on short-term time charters during 2019. The oil-service market remains challenging and the vessel was idle for a major part of the fourth quarter. After the end of the fourth quarter, the vessel was awarded a new time-charter contract with Ocean Installer for a period of approximately 175 days. The vessel will perform subsea installation in the South China Sea. The new contract commenced in March 2020.

The Group has two AHTS vessels on long-term charter to subsidiaries of Solstad Offshore ASA ("Solstad"). Solstad is in the process of going through a financial restructuring and entered into a standstill agreement with all its creditors in December 2018. As a consequence, no cash revenue has been recognized for these vessels during 2019. As of the date of this Annual Report, negotiations are on-going with Solstad with respect to the bareboat charters for the two vessels. It is expected that the contracts will be subject to an amendment.

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 has been exposed to operating risk also for this vessel, however the vessel is now moved into lay-up with limited operational risk.

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 after 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, obtaining lower leverage than anticipated in a refinancing or not be able to refinance. 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 statement of financial position 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 RECEIVABLES

Financial interest-bearing receivables mainly consist of finance lease receivables. The Group has 47 vessels accounted for as finance leases. Management does not expect any counterparty to fail to meet its obligations.

TRADE RECEIVABLES

The Group has USD 1.7 million in trade receivables as of year-end 2019. Management expects these to be settled. Allowance for impairment losses has been made for uncertain claims.

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. The spread of the corona virus, combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets. This may have a negative impact on the counterparties chartering the Group's vessels and may trigger defaults under certain bareboat contracts.

Following the standstill agreement with Solstad, there is a risk related to the obligations under the charter contracts for the AHTS vessels Far Senator and Far Statesman, and it is expected that the contracts will be subject to an amendment.

The Group's exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk:

		2019		
Amounts in USD million	**Note**	**Receivables at amortized cost**	**Cash and cash equivalents**	**Total**
Financial interest-bearing long term receivables	16	1 484.0	22.7	1 506.7
Other non-current assets		1.3	-	1.3
Financial interest-bearing short term receivables		219.8	-	219.8
Trade receivables, other interest-free short term receivables		7.1	-	7.1
Cash and cash equivalents		-	185.5	185.5
Total		**1 712.1**	**208.1**	**1 920.2**

Of the total cash balance year-end 2019, USD 0.5 million was restricted cash. In addition the Group has USD 22.7 million in restricted cash classified as long term assets (see note 16).

		2018		
Amounts in USD million	**Note**	**Receivables at amortized cost**	**Cash and cash equivalents**	**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**

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

Amounts in USD million	**Gross trade receivables 2019**	**Provision for impairment loss 2019**	**Gross trade receivables 2018**	**Provision for impairment loss 2018**
Not past due	0.7	-	1.7	-
Past due 0-30 days	1.6	-0.7	3.5	-
Past due 31-120 days	0.7	-0.7	17.2	-
Past due 121 - 365 days	6.9	-6.9	14.4	-3.7
Past due more than one year	9.5	-9.5	9.5	-9.5
Total trade receivables	**19.4**	**-17.7**	**46.2**	**-13.1**

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

Amounts in USD million	2019	2018
Balance 1st January	13.1	12.2
Impairment loss recognized in profit and loss	8.3	19.5
Reversal or use of previously recognized impairment loss	-3.7	-18.6
Balance 31st December	**17.7**	**13.1**

Overdue trade receivables are mainly related to the vessels Connector, Far Senator and Far Statesman. Due to the stand-still agreement with Solstad no cash revenue have been recognized for the vessels Far Senator and Far Statesman in 2019. The charter hire is however included in the gross trade receivables as the Group still has a claim against Solstad. USD 9.5 million of the gross trade receivables is related to the vessel Connector and an old claim against EMAS AMC AS. The claim has never been recognized as revenue.

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:

	2019 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	1 879.0	-2 181.7	-116.8	-178.9	-564.1	-736.1	-585.8
Unsecured bond issues	306.2	-360.6	-59.5	-7.8	-99.6	-193.7	-
Interest rate swaps	6.6	-5.6	-1.5	-1.5	-1.9	-0.6	-
Forward exchange contracts	39.5	-30.2	-16.3	-0.5	-10.8	-2.7	-
Finance lease liabilities	1.0	-1.0	-0.2	-0.2	-0.4	-0.3	-
Current provisions	12.4	-12.4	-12.4	-	-	-	-
Trade and other payables	22.0	-22.0	-22.0	-	-	-	-
Total contractual cash flows for liabilities	**2 266.7**	**-2 613.5**	**-228.6**	**-188.9**	**-676.7**	**-933.4**	**-585.8**

	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**

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 2019 the Group's exposure to currency risk is mainly related to debt denominated in NOK. To reduce some of the currency effects related to this 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 2019 the Group has nine cross currency swaps, where NOK 3,000 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding-debt in NOK as of year-end 2019 was NOK 3,197.1 million. NOK 439.6 million of this is however debt in a subsidiary of Ocean Yield ASA, which has NOK as functional currency, and hence there is no exchange rate differences in the statement of profit and loss related to this debt.

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

	2019		2018	
Amounts in USD million	**Profit before tax**	**Equity**	**Profit before tax**	**Equity**
Foreign exchange gains on Bond loans	21.9	17.1	21.2	15.5
Change in fair value of cross currency interest rate swaps	-26.4	-20.6	-27.2	-19.9
Total	**-4.5**	**-3.5**	**-6.1**	**-4.4**

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 2019 and 2018 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	2019	2018
Fixed rate instruments:		
Financial assets	248.8	261.1
Financial liabilities	-273.4	-382.2
Net fixed rate instruments	-24.5	-121.1
Variable rate instruments:		
Financial assets	1 663.0	1 037.2
Operating leases with LIBOR adjustment	271.0	284.7
Financial liabilities	-1 911.8	-1 380.7
Net variable rate instruments	22.3	-58.8
Net interest-bearing debt (-) / asset (+)	**-2.2**	**-179.9**

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

Amounts in USD million	2019	2018
Swap amount	225.6	325.1
Weighted average fixed interest rate (swapped from LIBOR)	3.35 %	3.12 %
Weighted average remaining years	2.0	2.5

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 2019 the Group has USD 22.3 million (58.0 million year-end 2018) in net variable rate instruments. An increase in the LIBOR rate of 100 basis points would decrease the Group's annual net profit before tax of USD 2.6 million (decrease of USD 2.2 million based on year-end 2018) and an increase in the NIBOR rate of 100 basis points would increase the Group's annual net profit before tax of USD 2.3 million (USD 2.8 million based on year-end 2018). 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:

- **Tankers**

  This segment includes the Group's investments in tankers. As of 31st December 2019 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 eight product tankers; STI Supreme, STI Sanctity, STI Symphony, STI Steadfast, Navig8 Precision, Navig8 Prestige, Navig8 Pride and Navig8 Providence, five Suezmax tankers; Poliegos, Milos, Nordic Aquarius, Nordic Cygnus and Nordic Tellus and four VLCCs; Nissos Rhenia, Nissos Despotiko, Nissos Santorini and Nissos Antiparos. During 2019, the Company took delivery of one Suezmax tanker, four VLCCs and four LR2 product tankers, where the Suezmax and the VLCCs are chartered out long-term to Okeanis Eco Tankers, while the product tankers are chartered out to Navig8 Topco Holdings Ltd.

- **Container vessels**

  This segment includes the Group's investments in container vessels. As of year-end 2019 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.

- **Car Carriers**

  This segment includes the Group's investments in car carriers. As of 31st December 2019 the Group has six pure car truck carriers (PCTC); Höegh Beijing, Höegh Xiamen, Höegh Jacksonville, Höegh Jeddah, Höegh Tracer and Höegh Trapper.

- **Other Shipping**

  This segment includes the Group's investments in all other vessels. As of 31st December 2019 the Group has three gas carriers; GasChem Beluga, GasChem Orca and Navigator Aurora and twelve dry bulk vessels; La Loirais, La Fresnais, Interlink Levity, Interlink Sagacity, Interlink Dignity, Interlink Priority, Interlink Amenity, Interlink Eternity, SBI Libra, SBI Virgo, Bulk Seoul and Bulk Shanghai.

- **Other Oil Service**

  Vessels operating within the oil sector, except for FPSOs are included in this segment. As of 31st December 2019 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.

- **FPSO**

  This segment relates to the Group's investment in floating production, storage and offloading vessels (FPSO). As of 31st December 2019 this segment consists of the FPSO Dhirubhai-1. The Dhirubhai-1 completed its contract in September 2018 and has since been in lay-up in anticipation of finding a long-term solution for this vessel.

- **Other**

  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.


2020 BULKERS
SWL2t4m-17.5m
NO STANDING UNDER JIB

2019 - Operating segments

Statement of profit and loss

Amounts in USD million	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other and elimi-nations	Total
Operating revenue	-	-	41.6	21.0	40.8	3.8	-0.0	107.1
Finance lease revenue	69.6	4.6	-	11.4	24.3	-	-	109.9
Income from investments in associates	-	27.2	-	-	-	-	-	27.2
Other revenue	-	-	-	-	-	12.9	-	12.9
Total revenues and other income	**69.6**	**31.8**	**41.6**	**32.3**	**65.0**	**16.7**	**-0.0**	**257.0**
Operating expenses	-1.3	-0.0	-0.0	-0.1	-10.8	-12.6	-9.8	-34.5
EBITDA	**68.3**	**31.8**	**41.6**	**32.3**	**54.2**	**4.1**	**-9.8**	**222.5**
Depreciation and amortization	-	-	-13.6	-5.5	-29.5	-24.6	-1.1	-74.3
Impairment charges and other non-recurring items	-	-	-	-	-	-80.6	0.0	-80.6
Operating profit (loss)	**68.3**	**31.8**	**27.9**	**26.8**	**24.8**	**-101.1**	**-10.9**	**67.5**
Interest income	0.0	0.0	0.0	0.0	0.1	0.3	1.8	2.3
Other financial income	-	-	0.3	0.0	0.5	0.0	0.8	1.6
Interest expense	-30.9	-4.2	-10.4	-11.6	-21.4	-0.0	-23.5	-102.1
Other financial expenses	-0.0	-0.0	-0.0	-3.1	-0.8	-0.5	-1.4	-5.8
Net profit (loss) before tax	**37.4**	**27.6**	**17.8**	**12.1**	**3.2**	**-101.4**	**-33.2**	**-36.4**
Income tax expense (-)/benefit (+)	0.2	0.3	-0.3	-0.5	0.3	-	-3.5	-3.4
Net profit (loss) after tax	**37.6**	**27.9**	**17.5**	**11.6**	**3.5**	**-101.4**	**-36.7**	**-39.9**

Statement of financial position

Amounts in USD million	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other and elimi-nations	Total
ASSETS								
Vessels and other fixed assets	-	-	271.0	148.5	478.6	146.1	9.3	1 053.7
Investments in associates	-	178.2	-	-	-	-	-	178.2
Interest-bearing long term receivables and other non-current assets	964.7	98.1	-	293.5	131.2	0.0	21.4	1 508.9
Deferred tax assets	0.1	-	-	-	-	-	-0.0	0.1
Total non-current assets	**964.8**	**276.3**	**271.0**	**442.0**	**609.8**	**146.2**	**30.7**	**2 740.9**
Interest-bearing short term receivables	140.9	11.8	-	32.0	35.0	-	-0.0	219.8
Trade receivables and other interest-free receivables	0.8	-	-	-	1.3	4.8	0.1	7.1
Cash and cash equivalents	10.7	2.5	2.5	5.8	16.4	6.8	140.7	185.5
Total current assets	**152.4**	**14.3**	**2.5**	**37.8**	**52.8**	**11.7**	**140.8**	**412.3**
Total assets	**1 117.2**	**290.6**	**273.6**	**479.8**	**662.6**	**157.9**	**171.5**	**3 153.2**
EQUITY AND LIABILITIES								
Total equity	**237.2**	**204.5**	**96.8**	**117.8**	**265.0**	**140.6**	**-185.3**	**876.6**
Interest-bearing long term debt	743.2	77.3	151.3	329.7	353.6	-	254.0	1 909.0
Deferred tax liabilities	1.1	0.3	0.3	0.3	0.5	-	0.1	2.6
Fair value of derivatives	-	-	0.8	2.8	0.0	-	20.1	23.7
Other long term liabilities	1.6	-	5.7	-	-	-	1.0	8.3
Total non-current liabilities	**745.9**	**77.6**	**158.1**	**332.8**	**354.0**	**-**	**275.2**	**1 943.6**
Interest-bearing short term debt	132.1	7.2	17.0	26.0	41.7	-	52.2	276.2
Current provisions	-	-	-	-	-	12.4	-	12.4
Trade and other payables	2.0	1.3	1.7	3.2	2.0	4.9	29.4	44.5
Total current liabilities	**134.1**	**8.5**	**18.7**	**29.3**	**43.6**	**17.2**	**81.6**	**333.0**
Total liabilities	**880.0**	**86.1**	**176.7**	**362.1**	**397.7**	**17.2**	**356.8**	**2 276.6**
Total equity and liabilities	**1 117.2**	**290.6**	**273.6**	**479.8**	**662.6**	**157.9**	**171.5**	**3 153.2**

2018 - Operating segments

Statement of profit and loss

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

Statement of financial position

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

Geographical areas

Amounts in USD million	2019	2018
Total revenue based on location of customer (registered business address):		
Germany	21.0	21.0
Greece	15.4	3.4
Hong Kong	8.9	4.6
India	-	101.6
Marshall Islands	48.7	42.9
Netherlands	1.6	25.6
Norway	105.3	101.9
Switzerland	38.5	39.8
Other	17.6	2.6
Total	**257.0**	**343.4**
Total vessels, equipment and intangibles by company location:		
Norway	421.0	530.0
Malta	632.7	665.6
Total	**1 053.7**	**1 195.5**

SIGNIFICANT CUSTOMERS

The Group has one customers that accounted for more than 10% of the Group revenue in 2019. Recognized revenue related to this customers in 2019 was USD 41.6 million. In 2018 the Group had two customers that accounted for more than 10% of the Group revenue. Recognized revenue in 2018 related to these customers was USD 103.8 million and USD 41.5 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	Car Carriers	Other Shipping	Other Oil Service	FPSO	2019	2018
Ordinary lease revenue	35.7	21.1	38.7	-	95.5	192.0
Contingent rent	1.5	-	-	-	1.5	6.5
Total operating lease revenue	**37.2**	**21.1**	**38.7**	**-**	**97.0**	**198.4**
Other operating revenue	-	-	-	3.8	3.8	19.7
Mobilization fee, advances and deferred revenue	4.4	-0.2	2.1	-	6.3	18.2
Total operating revenue	**41.6**	**21.0**	**40.8**	**3.8**	**107.1**	**236.3**

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

Amounts in USD million	Car Carriers	Other Shipping	Other Oil Service	FPSO	2019	2018
Duration less than one year	35.8	21.1	28.3	-	85.2	85.0
Duration between one and five yeaı	133.4	84.5	112.9	-	330.8	336.5
Duration over five years	74.8	45.8	90.4	-	211.1	293.3
Total future minimum lease payments	**244.0**	**151.5**	**231.6**	**-**	**627.0**	**714.8**
Other order backlog	-	-	-	-	-	-
Total	**244.0**	**151.5**	**231.6**	**-**	**627.0**	**714.8**

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.

OTHER OIL SERVICE

The vessels Connector, Far Senator, Far Statesman, SBM Installer, NS Orla and NS Frayja have all been chartered on agreements classified as operating leases in 2019.

The subsea construction and cable installation vessel Connector, has been trading on short-term time charters during 2019. The oil-service market remains challenging and the vessel was idle for a major part of the fourth quarter. After the end of the fourth quarter, the vessel was awarded a new time-charter contract with Ocean Installer for a period of approximately 175 days. The contract has not been included in the non-cancellable lease rental income reported in the table as it was signed after year-end.

The Group has two AHTS vessels on long-term charter to subsidiaries of Solstad Offshore ASA ("Solstad"). Solstad is in the process of going through a financial restructuring and entered into a standstill agreement with all its creditors in December 2018. As a consequence, no cash revenue has been recognized for these vessels during 2019. As of the date of this Annual Report, negotiations are on-going with Solstad with respect to the bareboat charters for the two vessels. It is expected that

the contracts will be subject to an amendment. As a consequence no charter hire from the bareboat agreements have been included in the non-cancellable lease rental income reported in the table.

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.

FPSO

Following the completion of the 10-year contract in September 2018, the Group is working to secure new employment for the FPSO Dhirubhai-1. Several opportunities have been evaluated for the vessel, but it is taking more time than earlier envisaged to find a satisfactory solution.

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	Tankers	Container vessels	Other Shipping	Other Oil Service	2019	2018
Ordinary finance lease revenue	51.4	6.0	9.1	24.3	90.8	71.2
Contingent rent	18.2	2.9	2.2	-	23.3	11.8
Total finance lease revenue	**69.6**	**8.9**	**11.4**	**24.3**	**114.1**	**82.9**

Information about the Group's financial leases:

Vessel	Charter Guarantor	Charter end	Purchase options	Purchase obligation	Libor adjustment
Tankers					
8 Chemical tankers	Navig8 Chemical Tankers Inc	2030/2031	Yes	No	Yes
4 Product tankers	Scorpio Tankers Inc	2029	Yes	No	Yes
2 Chemical Tankers	Navig8 Ltd	2027	Yes	No	Yes
4 Product tankers	Navig8 Topco Holdings Inc.	2028	Yes	Yes	Yes
2 Suezmax tankers	Okeanis Eco Tankers Corp	2029/2031	Yes	No	Yes
4 VLCC Crude tankers	Okeanis Eco Tankers Corp	2033	Yes	No	Yes
3 Suezmax tankers	Nordic American Tankers	2027	Yes	Yes	Yes
2 Chemical tankers	Ardmore Shipping Corporation	2030	Yes	No	Yes
Container vessels					
4 Container vessels	CMB NV	2030	Yes	No	Yes
Other shipping					
1 Gas carrier	Navigator Holdings Ltd.	2032	Yes	No	Yes
2 Dry bulk vessels	Louis Dreyfus	2028	Yes	Yes	Yes
6 Dry bulk vessels	Interlink Maritime Corp.	2028/2029	Yes	Yes	Yes
2 Dry bulk vessels	Scorpio Bulkers Inc.	2030	Yes	No	Yes
2 Dry bulk vessels	2020 Bulkers Ltd.	2032	Yes	Yes	Yes
1 Dry bulk newbuilding	CMB NV	2035	Yes	No	Yes
Other Oil Service					
1 Offshore construction vessel	Akastor ASA	2027	Yes	No	From 2020

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.

CHANGES/NEW LEASE AGREEMENTS IN 2019

TANKERS

Ocean Yield has taken delivery of four VLCC crude tankers in 2019. All vessels are fixed from delivery on long-term charters to Okeanis ECO Tankers Corp.

In January 2019, Ocean Yield agreed to acquire a modern Suezmax tanker for a net consideration of USD 49.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp. The vessel Milos, was delivered to the Company in February 2019.

In November 2019 Ocean Yield agreed to acquire four modern LR2 product tankers with long-term charter to companies owned and guaranteed by Navig8 Topco Holdings Inc. ("Navig8 Group") from a major Chinese leasing company. The net purchase price was approximately USD 132 million in total, or an average price of USD 33 million per vessel. Three vessels were delivered to the Company on 4th December 2019 and the fourth on 10th December 2019. The scrubber fitted vessels are built in 2018 and 2019 with about 9 year's remaining bareboat charters to Navig8 Group.

In December 2019, a subsidiary of Navig8 Chemical Tankers Inc. has exercised the five-year purchase option in the lease for the vessel Navig8 Aquamarine. The purchase price for the vessel is USD 26.5 million and the transaction will be effectuated in June 2020.

In the fourth quarter, a notice was received from certain subsidiaries of Okeanis Eco Tankers, who are chartering four VLCCs on long-term bareboat charter, where Okeanis exercised an option to purchase the vessels back from Ocean Yield at 103% of the outstanding under the lease, plus costs and losses. Ocean Yield disputed their right to exercise such option and the matter was referred to arbitration. In February 2020, an arbitration tribunal has decided that Okeanis did not have the right to exercise such options to repurchase the Vessels under the lease agreements.

OTHER SHIPPING

In May 2019, Ocean Yield agreed to acquire two modern Ultramax dry bulk vessels for a total consideration of USD 42 million net of seller's credits, with 11-year bareboat charters to Scorpio Bulkers Inc. The vessels were built in 2017 and were delivered to the Company in May 2019.

In June 2019, Ocean Yield agreed to acquire one 206,000 DWT Newcastlemax dry bulk newbuilding for a total consideration of USD 40 million net of a seller's credit, with 15- year bareboat charter to CMB NV. The vessel is expected to be delivered from the shipyard in Q2 2020. Pre-delivery advances related to this vessel under construction 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 August 2019, Ocean Yield agreed to acquire one handysize dry bulk newbuilding with 10-year bareboat charter to a company owned and guaranteed by Interlink Maritime Corp. The purchase price was USD 18 million net of prepaid charter hire, and the vessel was delivered from the shipyard at the end of September 2019.

In October 2019, Ocean Yield acquired an ethylene gas carrier for a total consideration of USD 69.75 million net of a seller's credit, with 13-year bareboat charter to a company 100% owned and guaranteed by Navigator Holdings Ltd. The vessel was delivered to the Company in October 2019.

Also in October 2019, Ocean Yield acquired two Newcastlemax dry bulk newbuildings with 13-year bareboat charter to companies owned and guaranteed by 2020 Bulkers Ltd. The total purchase price was USD 84 million net of pre-paid charter hire. The first vessel was delivered in October 2019 and the second in November 2019.

LIBOR ADJUSTMENTS

The charter hire in most of the Group's lease agreements is subject to a LIBOR related adjustment. The LIBOR adjustments have not been included in the calculation of the finance lease receivables.

The net finance lease receivables as of 31st December 2019 were as follows:

Amounts in USD million	Tankers	Container vessels	Other Shipping	Other Oil Service	Total
Gross finance lease receivable					
Less than one year	145.5	12.1	33.0	37.6	228.2
One to two years	115.9	12.1	35.4	29.5	192.8
Two to three years	115.3	12.1	34.2	29.1	190.6
Three to four years	114.2	12.1	32.4	29.1	187.8
Four to five years	113.1	12.1	30.9	29.1	185.3
More than five years	770.6	66.6	239.6	79.8	1 156.7
Unguaranteed residual values	191.0	22.2	13.9	57.7	284.8
Gross finance lease receivable	**1 565.5**	**149.2**	**419.4**	**292.0**	**2 426.3**
Less: Unearned finance income	(461.6)	(39.4)	(110.8)	(126.8)	(738.5)
Total finance lease receivables	**1 104.0**	**109.9**	**308.7**	**165.2**	**1 687.8**
Present value of minimum lease payments					
Less than one year	140.9	11.8	32.0	35.0	219.8
One to two years	105.2	11.1	32.6	22.3	171.2
Two to three years	99.6	10.6	29.9	20.0	160.1
Three to four years	93.7	10.0	27.0	18.4	149.1
Four to five years	88.2	9.5	24.5	16.9	139.1
More than five years	482.6	44.2	154.2	32.9	713.9
Unguaranteed residual values	93.8	12.7	8.5	19.7	134.6
Total finance lease receivables	**1 104.0**	**109.9**	**308.7**	**165.2**	**1 687.8**
Pre-delivery instalments	-	-	15.6	-	15.6
Total finance lease receivables and related assets	**1 104.0**	**109.9**	**324.3**	**165.2**	**1 703.4**

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

Amounts in USD million	Tankers	Container vessels	Other Shipping	Other Oil Service	Total
Gross finance lease receivable					
Less than one year	75.8	12.1	12.6	39.8	140.2
One to two years	75.2	12.1	12.5	37.6	137.4
Two to three years	73.7	12.1	12.3	27.1	125.1
Three to four years	73.2	12.1	12.2	31.5	129.0
Four to five years	73.0	12.1	11.0	29.1	125.2
More than five years	469.4	78.7	93.0	109.0	750.0
Unguaranteed residual values	138.1	22.2	-	57.7	218.0
Gross finance lease receivable	**978.3**	**161.3**	**153.5**	**331.8**	**1 624.9**
Less: Unearned finance income	(300.9)	(45.4)	(47.8)	(151.0)	(545.0)
Total finance lease receivables	**677.5**	**115.9**	**105.7**	**180.8**	**1 079.9**
Present value of minimum lease payments					
Less than one year	73.3	11.7	12.1	36.9	134.1
One to two years	67.6	11.2	11.3	30.5	120.5
Two to three years	62.9	10.6	10.4	20.8	104.6
Three to four years	59.4	10.0	9.6	17.8	96.8
Four to five years	56.3	9.5	8.2	15.5	89.4
More than five years	285.5	50.9	54.2	42.2	432.8
Unguaranteed residual values	72.5	12.1	-	17.1	101.6
Total finance lease receivables	**677.5**	**115.9**	**105.7**	**180.8**	**1 079.9**
Pre-delivery instalments	91.9	-	-	-	91.9
Total finance lease receivables and related assets	**769.4**	**115.9**	**105.7**	**180.8**	**1 171.8**

NOTE 9 OTHER REVENUE

Amounts in USD million	2019	2018
Other revenue	**12.9**	**-**

Other revenue is related to an option agreement the Group entered into in 2019 with Aker Energy AS ("Aker Energy"), where Aker Energy was given an option for a long-term bareboat charter of the FPSO Dhirubhai-1. The FPSO was intended to be used for oil and gas production offshore Ghana, on a new oil and gas development. The option agreement was extended several times during the year, where the latest expiry date was 31st December 2019. Aker Energy chose not to extend the agreement beyond 31st December 2019 and the option elapsed.

NOTE 10 WAGES, PERSONNEL EXPENSES AND OTHER OPERATING EXPENSES

Wages and personnel expenses consist of the following:

Amounts in USD million	2019	2018
Wages	7.6	6.6
Social security contributions	1.0	1.0
Pension costs	0.3	0.6
Other expenses	0.2	0.3
Total	**9.1**	**8.5**
Average number of employees	21	23
Number of employees at year-end	**17**	**25**
Geographical split of number of employees per region		
Norway	14	22
Malta	3	3
Total	**17**	**25**

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	2019	2018
Write down on trade receivables	0.4	19.5
External consultants and services other than audit	5.5	6.6
Office rent, related parties	0.0	0.4
Services from related parties	0.4	0.5
Other operating expenses	4.5	2.1
Total	**10.8**	**29.0**

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	2019	2018
Ocean Yield ASA	116.1	-	7.6	-	123.7	127.9
Other consolidated companies	227.7	-	4.3	-	232.0	95.1
Total	**343.8**	**-**	**11.9**	**-**	**355.7**	**223.0**

The figures are exclusive of VAT.

NOTE 11 IMPAIRMENT CHARGES AND OTHER NON-RECURRING ITEMS

Amounts in USD million	2019	2018
Impairment charges	68.4	23.1
Other non-recurring items	12.2	9.1
Total	**80.6**	**32.2**

USD 68.4 million of impairment charges is related to the segment FPSO and the vessel Dhirubhai-1. 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 12.2 million, see note 23 Provisions for more information.

Following the completion of the 10-year contract in September 2018, the Group is working to secure new employment for the FPSO Dhirubhai-1. Several opportunities have been evaluated for the vessel, but it is taking more time than earlier envisaged to find a satisfactory solution.

As of year-end the Group has assessed the value of the FPSO. The value in use has been estimated for the vessel and has been calculated based on the present value of estimated future cash flows. The Group has considered several possible scenarios and calculated the present value of estimated future cash flows for these scenarios. The scenarios are based on recent interest for the FPSO. The value in use has then been calculated as the weighted average of these scenarios.

The present value have been calculated using a discount rate of 7.3% p.a., after tax (7.7% p.a. in 2018), which implies a pre-tax discount rate of 7.6% p.a (8.0% p.a. in 2018). 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 50 percent.

The estimated value in use is lower than the book value for the FPSO and as a consequence an impairment of USD 68.4 million have been recognized. The remaining net book value of the FPSO as of 31st December 2019 is USD 146.0 million.

The calculations of value in use are highly sensitive to the estimated level of future charter hires, the length of the cash flows and the weighting of the different scenarios .

NOTE 12 FINANCIAL INCOME AND FINANCIAL EXPENSES

Net financial income/expense recognized in profit and loss:

Amounts in USD million	2019	2018
Interest income on bank deposits and receivables at amortized cost	2.3	1.4
Interest income on financial assets measured at fair value through other comprehensive income	-	1.8
Gain from sale of financial assets measured at amortized cost	-	-
Change in fair value of financial instruments	-	-
Net foreign exchange gain	1.6	16.0
Other financial income	0.0	-
Total financial income	**3.9**	**19.2**
Interest expense on financial obligations measured at amortized cost	-102.6	-82.3
Interest expenses on financial leases	-0.0	-
Accretion of interest decommissioning liability	-	-0.8
Change in fair value of financial instruments	-3.6	-23.3
Loss from sale of financial assets measured at fair value through other comprehensive income	-	-0.4
Other financial expenses	-1.6	-2.6
Total financial expenses	**-107.9**	**-109.4**
Net financial items	**-104.0**	**-90.2**

NOTE 13 INCOME TAX EXPENSE

Amounts in USD million	2019	2018
Current tax expense:		
Tax expense current year	-0.5	-0.8
Correction from previous years	-0.5	0.3
Total current tax expense	**-1.0**	**-0.5**
Deferred tax expense:		
Origination and reversal of temporary differences	-2.5	-2.3
Change in tax rate	-	-0.5
Total deferred tax expense (-)/benefit (+)	**-2.5**	**-2.8**
Total income tax expense (-)/benefit (+)	**-3.4**	**-3.2**
Temporary differences consist of		
Vessels and other fixed assets	59.7	44.8
Provisions	-13.3	-27.8
Withholding tax	-101.7	-100.3
Other differences	-38.2	-40.3
Total	**-93.5**	**-123.7**
Tax losses	-163.8	-77.3
Deferred tax base assets	**-257.3**	**-200.9**
Deferred tax assets	65.2	44.2
Deferred tax assets and liabilities not recognized	-67.7	-44.2
Net deferred tax assets and liabilities	**-2.5**	**0.0**
Net deferred tax assets and liabilities are recorded as follows:		
Deferred tax assets	0.1	-
Deferred tax liabilities	-2.6	-
Net deferred tax assets and liabilities	**-2.5**	**-**

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 in the line “Withholding tax”. This can be deducted from tax payables in Norway for the next five years. However, estimates of future taxable profits show that the Group is not likely to utilize these tax credits, and no deferred tax asset has been recognized related to the potential tax benefit from withholding tax paid in India.

The operations of the Group’s bareboat fleet is 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:

	2019			2018		
Amounts in USD million	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Remeasurements of defined benefit liability	-0.1	0.0	-0.1	-0.0	0.0	-0.0
Other comprehensive income from investment in associates	-15.5	-	-15.5	0.0	-	0.0
Change in fair value of financial assets	-0.8	-	-0.8	-3.7	-0.2	-4.0
Currency translation differences	-0.6	-	-0.6	-2.8	-	-2.8
Other comprehensive income	**-17.0**	**0.0**	**-16.9**	**-6.5**	**-0.2**	**-6.7**

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

	2019			2018		
Amounts in USD million	Before tax	Tax	After tax	Before tax	Tax	After tax
Expenses related to raising new equity	-0.8	-	-0.8	-1.6	0.3	-1.2
Expenses related to hybrid capital	-1.9	-	-1.9	-	-	-
Total	**-2.7**	**-**	**-2.7**	**-1.6**	**0.3**	**-1.2**

Reconciliation of effective tax rate

Amounts in USD million	2019	2018
Profit before tax	**-36.4**	**61.6**
Nominal tax rate in Norway (22% in 2019, 23% in 2018)	8.0	-14.2
Effect of change in tax rate	-	-0.5
Effect of tax rates in foreign jurisdictions	3.5	-1.7
Revenue not subject to tax	4.4	7.1
Expenses not deductible for tax purposes	-1.0	-2.3
Utilization of previously unrecognized tax losses	4.2	-0.1
Tax losses for which no deferred income tax asset was recognized	-27.2	-18.5
Companies within tonnage tax legislation	-3.0	31.2
Other differences	7.7	-4.3
Total income tax expense (-)/benefit (+)	**-3.4**	**-3.2**

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:

2019

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	-9.8	5.3	-	-0.0	-4.5
Provisions	6.1	-3.2	-	-	2.9
Withholding tax	22.1	0.3	-	-	22.4
Other differences	8.9	-0.5	0.0	0.1	8.4
Tax losses	17.1	19.2	-	-0.3	36.0
Deferred tax assets and liabilities not recognized	-44.2	-23.6	-	0.1	-67.7
Net deferred tax assets (+) and liabilities (-)	**0.0**	**-2.5**	**0.0**	**-0.1**	**-2.5**

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**

NOTE 14 VESSELS AND OTHER FIXED ASSETS

	Vessels				Buildings	Other fixed assets		
Amounts in USD million	Car Carriers	Other Shipping	Other Oil Service	FPSO	Other	FPSO	Other	Total
Cost balance:								
1st January 2018	**339.7**	**163.5**	**720.1**	**877.2**	**-**	**3.7**	**11.3**	**2 115.6**
Capital expenditure	-	0.4	2.0	0.0	-	-	0.1	2.6
Disposals	-	-	-0.3	-	-	-	-	-0.3
Effect of movements in foreign exchange	-	-	-8.3	-	-	-	-	-8.3
31st December 2018	**339.7**	**164.0**	**713.6**	**877.3**	**-**	**3.7**	**11.4**	**2 109.7**
Capital expenditure	-	-	0.2	0.2	-	0.0	-	0.5
Disposals	-	-	-	-	-	-	-	-
IFRS 16	-	-	-	-	1.3	-	-	1.3
Effect of movements in foreign exchange	-	-	-1.5	-	-	-	-	-1.5
31st December 2019	**339.7**	**164.0**	**712.3**	**877.5**	**1.3**	**3.7**	**11.4**	**2 110.0**
Accumulated depreciation and impairment losses:								
1st January 2018	**-41.4**	**-4.6**	**-164.5**	**-589.6**	**-**	**-3.2**	**-1.6**	**-804.8**
Depreciation	-13.6	-5.4	-29.7	-48.9	-	-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	**-55.1**	**-10.0**	**-204.7**	**-638.5**	**-**	**-3.6**	**-2.3**	**-914.1**
Depreciation	-13.6	-5.5	-29.4	-24.6	-0.4	-0.1	-0.8	-74.3
Impairment	-	-	-	-68.4	-	-	-	-68.4
Disposals	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	-	0.5	-	-	-	-	0.5
31st December 2019	**-68.7**	**-15.5**	**-233.7**	**-731.4**	**-0.4**	**-3.6**	**-3.0**	**-1 056.3**
Carrying amount:								
31st December 2018	**284.7**	**154.0**	**508.9**	**238.8**	**-**	**0.2**	**9.1**	**1 195.6**
31st December 2019	**271.0**	**148.5**	**478.6**	**146.0**	**1.0**	**0.1**	**8.4**	**1 053.7**

IMPAIRMENT CHARGES

An impairment charge of USD 68.4 million have been recognized related to the FPSO Dhiruhbai-1. For more information, see note 11 Impairment charges and other non-recurring items.

The Group has also as of year-end assessed the values of the vessels Connector, Far Senator and Far Statesman. The value in use has been estimated for all three vessels, and no impairment has been considered necessary.

The value in use has been calculated based on the present value of estimated future cash flows. The projected cash flows represents management's best estimate for future charter hire for these vessels. The value in use was calculated using a discount rate of 8.1% p.a. after tax for Connector (8.2% p.a. in 2018) and 8.6% p.a. after tax. for Far Senator and Far Statesman (8.2% p.a. in 2018). Implied pre-tax discount rates are equal to the discount rates after tax.

The calculations of value in use are highly sensitive to the estimated level of future charter hires and the estimated useful life of the vessels.

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	Tankers	Container vessels	Car Carriers	Other Shipping	Other Oil Service	FPSO	Total
Already paid	-	-	-	15.5	-	-	15.5
Due in 2020	-	-	-	24.5	-	-	24.5
Total contractual obligations	**-**	**-**	**-**	**40.0**	**-**	**-**	**40.0**

The obligations above related to the segment Other Shipping relates to one dry bulk vessel under construction.

In June 2019, Ocean Yield agreed to acquire one 206,000 DWT Newcastlemax dry bulk newbuilding for a total consideration of USD 40 million net of a seller's credit, with 15-year bareboat charter to CMB NV. The vessel is expected to be delivered from the shipyard in Q2 2020. CMB will have certain options to either sell or acquire the vessel during the charter period.

NOTE 15 INVESTMENTS IN ASSOCIATES

BOX HOLDINGS INC.

Ocean Yield owns as of year-end 2019 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 %	49.9 %
Carrying amount of investment in associates:	**31.12.2019**	**31.12.2018**
Non-currents assets	798.2	824.7
Current assets	35.4	45.2
Non-current liabilities	-526.2	-545.3
Current liabilities	-40.4	-36.4
Net assets (100%)	**267.0**	**288.1**
Share of net assets (49.9%)	**133.2**	**143.8**
Adjustment to carrying value of investment:		
Finance lease receivables	49.2	53.3
Adjustment to interest-bearing long-term debt	-4.2	-5.1
Carrying amount of investments in associates	**178.2**	**191.9**
Income from investment in associates:	**2019**	**2018**
Operating revenues	79.1	81.0
Operating expenses	-0.9	-0.9
Financial items	-34.1	-35.2
Net profit (100%)	**44.0**	**44.9**
Share of net profit (49.9%)	**22.0**	**22.2**
Adjustment to finance lease revenue	-4.1	-4.0
Interest adjustment to long-term debt	5.1	6.0
Income from investment in associates	**22.9**	**24.2**
Total comprehensive income from investment in associates:	**2019**	**2018**
Net profit (100%)	44.0	44.9
Other comprehensive income	-22.7	10.2
Total comprehensive income	**21.3**	**55.1**
Share of comprehensive income (49.9%)	**10.6**	**27.3**
Adjustment to finance lease revenue	-4.1	-4.0
Amortization of upfront fees	0.9	1.0
Total comprehensive income from investment in associates	**7.4**	**24.3**

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

Amounts in USD million	2019	2018
Restricted deposits	22.7	16.1
Finance lease receivables	1 483.6	1 037.7
Shares in Solstad Offshore ASA	1.0	1.7
Other interest-bearing long term receivables	0.4	0.4
Other non-current assets	1.3	1.4
Interest-bearing long term receivables, other shares and other non-current assets	**1 508.9**	**1 057.4**
Finance lease receivables, short term portion	219.8	134.1
Total interest-bearing receivables, other shares and other non-current assets	**1 728.7**	**1 191.5**

RESTRICTED DEPOSITS

The restricted funds as of year-end 2019 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.

FINANCE LEASE RECEIVABLES

For more information regarding the lease agreements and calculations of the net finance lease receivables, see note 8 Finance lease revenue.

SHARES IN SOLSTAD OFFSHORE ASA

In 2019, a loss of USD 0.8 million has been recorded through other comprehensive income.

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

Earnings per share

Calculation of profit to equity holders of the Group:

Amounts in USD million	2019	2018
Net profit after tax	-39.9	58.4
Non-controlling interests	0.9	1.4
Dividends on hybrid capital	2.7	-
Profit/loss attributable to equity holders of the Group	**-43.5**	**57.0**

Ordinary shares issued at 31st December	175 286 575	159 351 432
Treasury shares at 31st December	-72 371	-9 021
Ordinary shares outstanding at 31st December	175 214 204	159 342 411
Weighted average number of shares (basic)	160 760 637	157 332 344
Basic earnings per share (USD)	-0.27	0.36

Weighted average number of shares	160 760 637	157 332 344
Effect of shares from incentive scheme on issue	-	-
Weighted average number of shares (diluted)	160 760 637	157 332 344
Diluted earnings per share (USD)	-0.27	0.36

Dividends

Amounts in USD million	2019	2018
Total dividend paid	121.6	119.1
Declared dividend for the 4th quarter subsequent to 31st December	33.5	30.4

Paid in capital

At 31st December 2019 Ocean Yield ASA's share capital consists of the following:

	in NOK	in USD
Number of ordinary shares	175 286 575	175 286 575
Par value	10.0	1.5
Total par value (million)	**1 752.9**	**271.0**

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

Change in number of shares

	2019	2018
Number of shares outstanding 1st January	**159 342 411**	**148 320 299**
Share capital increase	15 935 143	11 000 000
Treasury shares acquired	-280 000	-150 000
Treasury shares sold	216 650	172 112
Number of shares outstanding 31st December	**175 214 204**	**159 342 411**

On the 21st of November, Ocean Yield successfully completed a private placement of 15,935,143 new shares at NOK 45 per share, raising gross proceeds of approximately NOK 717 million.

Current board authorizations

At the Annual General Meeting, held on 24th April 2019, 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 2020 Annual General Meeting.

The largest shareholders as of 31st December 2019

Shareholders	Number of shares	Percent
Aker Capital AS 1)	108 066 832	61.7 %
JPMorgan Chase Bank, N.A., London	3 046 132	1.7 %
Norron Sicav - Active	2 361 770	1.3 %
Norron Sicav - Target	2 258 229	1.3 %
Other	59 553 612	34.0 %
Total	**175 286 575**	**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 2019 financial statement for Aker ASA can be found at www.akerasa.com.

Hybrid capital

In August 2019 The Company successfully completed a new perpetual hybrid callable bond ("Hybrid Bond") issue of USD 125 million, carrying a coupon of 3 months LIBOR + 6.50 % p.a. with quarterly interest payments. The Hybrid Bond has been accounted for as book equity and is subordinated to the Company's outstanding senior unsecured bonds.

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 is 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 2019 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 AS	100.0	100.0	Lysaker	Norway
Ocean Operations AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY Invest AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY FPSO AS	**100.0**	**100.0**	**Lysaker**	**Norway**
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 Aurora 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

			Business address	
	Group's ownership in %	Group's share of votes in %	City location	Country
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 Innuksuac 6 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 Libra 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 Milos Limited	100.0	100.0	Floriana	Malta
OCY Mineral Qingdao 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 Precision Limited	100.0	100.0	Floriana	Malta
OCY Prestige Limited	100.0	100.0	Floriana	Malta
OCY Pride Limited	100.0	100.0	Floriana	Malta
OCY Providence Limited	100.0	100.0	Floriana	Malta
OCY Sanctity Limited	100.0	100.0	Floriana	Malta
OCY Seoul Limited	100.0	100.0	Floriana	Malta
OCY Shanghai 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 Virgo 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 2019	Rate at 31 Dec. 2019	Average rate 2018	Rate at 31 Dec. 2018
Norway	USD/NOK	8.80	8.78	8.13	8.69

NOTE 20 INTEREST-BEARING DEBT

Change in the Group's interest-bearing debt:

Amounts in USD Million	Secured debt	Unsecured bond debt	2019	2018
Interest-bearing debt 1st January	**1 489.0**	**273.9**	**1 762.9**	**1 510.4**
New debt	691.4	81.4	**772.8**	530.8
Instalments	-305.8	-	**-305.8**	-169.8
Repurchase	-	-48.0	**-48.0**	-92.6
Loss from repurchase	-	-0.2	**-0.2**	-1.0
Amortization of fees	5.1	0.8	**5.9**	4.2
Effect of movement in foreign exchange	-0.7	-1.6	**-2.4**	-19.2
Interest-bearing debt 31st December	**1 879.0**	**306.2**	**2 185.2**	**1 762.9**

NEW AND AMENDED AGREEMENTS IN 2019

OTHER OIL SERVICE

In June 2019, Ocean Yield signed a new loan agreement of USD 75 million for the refinancing of the two Platform Supply Vessels on long-term bareboat charter to Aker BP ASA. The new loan facility was raised in the Japanese bank market, with a tenor of approximately 10-years, matching the term of the remaining bareboat charter for these vessels. The facility was closed in July 2019 and released approximately USD 18 million in cash.

The loan related to the subsea construction vessel SBM Installer, which is on long-term charter to SBM Offshore, had maturity in December 2019. In December, Ocean Yield entered into a new loan facility for the refinancing of this vessel with the existing banks, where the outstanding amount was refinanced into a new, seven year loan.

TANKERS

The acquisition of the Suezmax tanker Milos with long-term charter to Okeanis Eco Tankers was in January 2019 financed with a senior secured loan facility of USD 39.2 million, with one of Ocean Yield's relationships banks. The facility has a tenor of six years.

The acquistion of four LR2 product tankers with charters to Navig8 Topco Holdings Inc. was in December 2019 financed with a USD 126.1 million senior secured loan facility. The facility has a tenor of five years.

OTHER SHIPPING

For the two dry bulk vessels on charters to Scorpio Bulkers, long-term financing has been arranged with one of Ocean Yield's relationship banks. A loan facility of USD 34.9 million was entered into in May 2019 with a tenor of seven years.

The ethylene gas carrier with long-term charter to Navigator Gas has been financed with a loan facility of USD 54.4 million from one of Ocean Yield's relationship banks. The loan has a tenor of seven years from drawdown.

The acquisition of two dry bulk vessels with long-term charters to 2020 Bulkers. was in October 2019 financed with a USD 76.0 million senior secured loan facility. The facility has a tenor of five years.

In December 2019, one of Ocean Yield's banks obtained credit approval for a new loan facility financing the dry bulk vessel Interlink Eternity. The loan amount is USD 16.1 million and will have a tenor of five years. The facility is expected to close during Q1 2020.

Also in December 2019, a bank obtained credit approval for a new loan facility financing the Newcastlemax dry bulk vessel under construction, which will be chartered to CMB NV for 15-years upon delivery in Q2 2020. The loan amount is USD 37.1 million with a tenor of seven years.

OTHER

In November 2019, Ocean Yield successfully completed a new, five-year bond issue of NOK 750 million, carrying a coupon of 3 months NIBOR + 4.25% p.a. In connection with the bond issue, the Company bought back NOK 439.0 million of the outstanding bond OCY03 and on 10th December 2019, the Company issued a call notice for the remaining NOK 458.5 million outstanding under OCY03. This was settled in January 2020.

The contractual terms of interest-bearing debt as of 31st December 2019 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 2019	Carrying amount USD million 2018
Tankers	Secured debt	USD	2020 - 2031	12 Chemical tankers 8 Product tankers 5 Suezmax tankers 4 VLCC	1104.0	3 month LIBOR	1.50%-2.0%	-	887.3	**875.3**	564.1
Container vessels	Secured debt	USD	2025	4 container vessels	109.9	3 month LIBOR	2.00 %	-	85.5	**84.5**	91.6
Car carriers	Secured debt	USD	2021	6 PCTC vessels	271.0	3 month LIBOR	2.25 %	-	169.2	**168.2**	184.5
Other Shipping	Secured debt	USD	2023 - 2027	3 Gas Carriers 12 Dry bulk vessels	457.2	3 month LIBOR	1.85%-2.0%	-	360.0	**355.7**	209.6
Other Oil Service	Secured debt	USD	2021 - 2029	3 Offshore construction vessels 2 Platform supply vessels	554.6	3 month LIBOR	0.66%-2.40%	48.2	343.1	**339.6**	374.1
Other Oil Service	Secured debt	NOK	2025	2 AHTS Vessels	89.2	3 month NIBOR FIXED	3.50 % 3.69 %	-	488.6	**55.7**	65.0
Ocean Yield ASA	Unsecured bond debt	NOK	2020 - 2024			3 month NIBOR	3.65%-4.50%	-	2 708.5	**306.2**	273.9
	Total interest-bearing debt									**2 185.2**	**1 762.9**
	Whereof the following is classified as current									**276.2**	190.9
	Total interest-bearing long-term debt									**1 909.0**	**1 572.0**

Covenants

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

	Covenants	Year-end 2019	Year-end 2018
Group equity	25 %	27.8 %	31.0 %
Interest coverage ratio	2.00:1	2.3:1	3.5:1
Interest coverage ratio, where EBITDA have been adjusted for finance lease effects	2.00:1	3.1:1	4.1:1
Minimum liquidity	USD 25 million	USD 185.5 million	USD 110.0 million

The Group was in compliance with these covenants at year-end 2019 and 2018

INTEREST COVERAGE RATIO

Most of the Group's loans are subject to an interest coverage ratio covenant, where EBITDA have been adjusted for finance lease effects. Two of the Group's bond loans are however subject to an interest coverage ratio covenant, where no adjustments are done. Should the Group be in breach of this minimum interest coverage ratio the required minimum liquidity of the Group increases to USD 40 million.

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 100% - 130% compared to the outstanding debt. As of year-end 2019 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	2019	2018
Other interest-free long-term liabilities	7.3	12.2
Other interest-free long-term liabilities	**7.3**	**12.2**

USD 5.7 million of other interest-free long-term liabilities is prepaid charter hire related to four PCTC vessels and USD 1.6 million is security deposits related to the bareboat contracts for four product tankers.

NOTE 22 LEASES (AS LESSEE)

The Group entered in 2014 into an office lease agreement with Fornebuporten AS (an associated company of The Resource Group TRG AS). The offices, located at Fornebu, near Oslo, were completed in the third quarter 2015. The lease period is seven years, and Ocean Yield has the option to extend the lease period with 5 + 5 years. In addition the Group has entered into an office lease agreement at Valletta Waterfront in Malta. The lease period started in 2018 and lasts for twelve years. However, the agreement can be terminated after three years.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets and finance lease liabilities:

Amounts in USD million	Right-of-use assets - Buildings	Lease Liabilities
Balance at 1 January 2019	1.3	1.3
Depreciations	-0.4	-
Repayment of finance lease liabilities	-	-0.4
Exchange rates differences	-	-0.0
Balance at 31 December 2019	**1.0**	**1.0**

Amounts recognized in profit and loss:

Amounts in USD million	2019	2018
Leases under IFRS 16		
Interest on lease liabilites	0.0	
Expenses related to leases of low-value assets	0.0	
Total	**0.1**	
Operating leases under IAS 17		
Lease expenses		0.4
Contingent rent		-
Total		**0.4**

Amounts recognized in statement of cashflows:

Amounts in USD million	2019
Total cash outflow for leases	**0.4**

NOTE 23 PROVISIONS

Amounts in USD million	2019	2018
Decommissioning obligation 1st January	**25.7**	**30.1**
Increase in provision	12.2	9.1
Accretion expense	-	0.8
Paid expenses	-25.6	-14.2
Decommissioning obligation 31st December	**12.4**	**25.7**
Non-current portion 31st December	-	-
Current portion 31st December	12.4	25.7

The decommissioning obligation reported above is related to the FPSO Dhirubhai-1. The decommissioning work have been taking more time than earlier envisaged, mainly due to weather delays, and an additional provision of USD 12.2 million has been recognised in 2019. The decommissioning work was completed in February 2020.

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 2019	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	-	1.0	-	1.0	1.0	-	-
Financial assets carried at fair value	**-**	**1.0**	**-**	**1.0**	**1.0**	**-**	**-**
Financial assets carried at amortized cost							
Finance lease receivables	-	-	1 703.4	1 703.4	-	-	1 857.6
Other interest-bearing long term receivables	-	-	0.4	0.4	-	-	-
Other non-current assets	-	-	1.3	1.3	-	-	-
Trade and other short term receivables	-	-	4.6	4.6	-	-	-
Cash and cash equivalents (including long term restricted deposits, see note 16)	-	-	208.1	208.1	-	-	-
Financial assets carried at amortized cost	**-**	**-**	**1 917.7**	**1 917.7**	**-**	**-**	**1 857.6**
Financial liabilities carried at fair value							
Interest rate swaps	6.6	-	-	6.6	-	6.6	-
Foreign exchange contracts	39.5	-	-	39.5	-	39.5	-
Financial liabilities carried at fair value	**46.1**	**-**	**-**	**46.1**	**-**	**46.1**	**-**
Financial liabilities carried at amortized cost							
Bond debt	-	-	306.2	306.2	-	-	311.0
Other interest-bearing debt	-	-	1 879.0	1 879.0	-	1 899.9	-
Finance lease liabilities	-	-	1.0	1.0	-	-	-
Interest-free long term financial liabilities	-	-	1.6	1.6	-	-	-
Interest-free short term financial liabilities	-	-	18.3	18.3	-	-	-
Financial liabilities carried at amortized cost	**-**	**-**	**2 206.1**	**2 206.1**	**-**	**1 899.9**	**311.0**

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**

There were no transfers between levels 1 and 2, or 2 and 3 during 2019 or 2018 for assets and liabilities that are measured at fair value.

The Ocean Yield Group had as of year-end 2019 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 – TANKERS	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the twelve chemical tankers, eight product tankers, five Suezmax tankers and four VLCC crude 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 181.0 million. The estimated cash flows are discounted using an annual discount rate of 5.5% p.a. (6.2% p.a. in 2018). This gives a fair value of USD 1,183.7 million (USD 723.0 million year-end 2018).
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 5.4% p.a. (6.2% p.a. in 2018). This gives a fair value of USD 115.8 million (USD 132.8 million in 2018).
FINANCE LEASE RECEIVABLES – OTHER SHIPPING	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the twelve dry bulk vessels accounted for as finance leases, in addition to pre-delivery instalments paid on a dry bulk vessel under construction. 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 5.5% p.a. (6.2% p.a. in 2018). This gives a fair value of USD 334.9 million (USD 111.7 million in 2018).
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 5.4% p.a. (6.2% p.a. in 2018). This gives a fair value of USD 223.3 million (USD 237.8 million year-end 2018).
BOND DEBT	**Quoted price close to year-end:** The fair value has been calculated by using the last quoted price in 2019. 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 2019 the total fair value of the bond debt is considered to be USD 311.0 million (USD 277.3 million year-end 2018), which equals 100.8% of the amount outstanding as of 31st December 2019.

NOTE 25 TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

Ocean Yield's largest shareholder, with 61.7% of the shares as of year-end 2019, 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 2019 with Kjell Inge Røkke except remuneration as a board member in Ocean Yield ASA (see note 26).

TRANSACTIONS 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 2019 the Group has paid USD 65,500 to Aker ASA for such services. No guarantees have been given or received between the parties.

TRANSACTIONS WITH AKER CAPITAL AS

On 21st November 2019 Ocean Yield successfully completed a private placement of 15,935,143 new shares at NOK 45 per share, raising gross proceeds of approximately NOK 717 million. Aker Capital AS had fully underwritten the private placement and was allocated 9,824,257 shares. The shares allocated in the private placement was settled with existing and unencumbered shares in the Company, pursuant to a share lending agreement between the Company, Arctic Securities AS (on behalf of the Joint Bookrunners) and Aker Capital AS. The shares delivered to the subscribers were thus tradable upon allocation.

TRANSACTION WITH AKER ENERGY AS

The Group has in 2019 entered into an option agreement with Aker Energy AS ("Aker Energy"), where Aker Energy was given an option for a long-term bareboat charter of the FPSO Dhirubhai-1. The FPSO was intended to be used for oil and gas production offshore Ghana, on a new oil and gas development. The option agreement was extended several times during the year, where the latest expiry date was 31st December 2019. Aker Energy chose not to extend the agreement beyond 31st December 2019 and the option elapsed.

In 2019 Aker Energy has paid USD 12.9 million to the Group related to the option agreement. In addition Aker Energy has paid USD 2.8 million to the Group mainly 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 2019 the Group has received USD 39.8 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 2019 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 2019 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	2019	2018
Frank O. Reite (Chairman)	61 338	61 479
Kjell Inge Røkke (Deputy chairman)	43 164	43 035
Jens Ismar (Board member)	43 164	43 035
Anne-Christin Døvigen (Board member, audit committee member)	47 707	47 953
Annicken Gann Kildahl (Board member, chairman of audit committee)	51 115	51 642
Total	**246 487**	**247 144**

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 in 2019 and 2018. The board fee for Kjell Inge Røkke was paid to The Resource Group TRG AS in 2019 and 2018.

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 remuneration to the CEO and CFO in 2019 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. In 2019 Lars Solbakken has been allocated 1,100,000 synthetic shares under the incentive scheme. Lars Solbakken had a fixed salary of USD 489,142 (USD 509,466 in 2018), and earned a bonus of USD 976,322 (USD 951,403 in 2018). The value of additional remuneration was USD 5,556 in 2019 (USD 5,185 in 2018) and net pension expense was USD 34,414 (USD 36,616 in 2018).

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. In 2019 Eirik Eide has been allocated 610,000 synthetic shares under the incentive scheme. Eirik Eide had a fixed salary of USD 310,555 (USD 309,345 in 2018), and earned a bonus of USD 526,704 (USD 303,076 in 2018). The value of additional remuneration was USD 1,889 (USD 2,188 in 2018) and the net pension expense was USD 20,182 (USD 21,139 in 2018. At the Annual General Meeting held 25th April 2019 a loan of USD 455,565 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 2019 Eirik Eide has borrowed USD 227,783 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 2019 the Board of Directors, CEO and CFO owned the following number of shares in Ocean Yield ASA:

Lars Solbakken, CEO[1)]	1 550 880
Eirik Eide, CFO[2)]	350 051
Kjell Inge Røkke, board member[3)]	280 800
Frank O. Reite (Chairman)[4)]	61 111
Anne-Christin Døvigen, board member[5)]	57 400
Jens Ismar, board member	20 000

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 96.5% of The Resource Group TRG AS (TRG AS) which in turn owns 99.71% of TRG Holding AS, which again owns 68.18% of Aker ASA. Aker ASA owns 100% of Aker Capital AS, which is the largest shareholder of Ocean Yield ASA, with 61.7% ownership.*
4) *Shares owned by the company Fausken Invest AS, which is 100% owned by Frank O. Reite*
5) *Includes 25,000 shares owned by Ms Døvigen's spouse*

NOTE 28 SHARE-BASED PAYMENT ARRANGEMENTS

The Group had at year-end 2019 and 2018 the following share-based payment arrangements:

SHARE PRICE INCREASE BONUS (CASH SETTLED)

Amounts in USD million	2019	2018
Cash-settled share-based payment liability	-	-
Total expenses related to share-based payments	**-**	**-**

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 2019) and the closing price of the shares as of 31st December (NOK 48.00 in 2019), multiplied by the number of synthetic shares allocated to the scheme participant. Any bonus payment is subject to a high watermark on the share price. A total of 2.4 million synthetic shares have been allocated to the scheme participants.

NOTE 29 CONTINGENCIES AND LEGAL CLAIMS

No material contingencies or legal claims have been recorded at year-end 2019.

NOTE 30 EVENTS AFTER THE BALANCE SHEET DATE

Post quarter end, a subsidiary of Navig8 Chemical Tankers Inc. has exercised the five-year purchase option in the lease for the vessel Navig8 Amessi. The purchase price for the vessel is USD 26.5 million and the transaction will be effectuated in July 2020.

Also post quarter end, the Company agreed to acquire two Ultramax and one Kamsarmax dry bulk vessels for a total consideration of USD 62.8 million net of pre-paid charter hire with 9, 10 and 12 years bareboat charters to Scorpio Bulkers Inc. In addition, Ocean Yield has committed to part finance the scrubber installation on the vessels, with an additional of USD 1.5 million per vessel during 2020. All vessels are expected to be delivered to the Company during Q1 2020.

In the fourth quarter, a notice was received from certain subsidiaries of Okeanis Eco Tankers, who are chartering four VLCCs on long-term bareboat charter, where Okeanis exercised an option to purchase the vessels back from Ocean Yield at 103% of the outstanding under the lease, plus costs and losses. Ocean Yield disputed their right to exercise such option and the matter was referred to arbitration. In February 2020, an arbitration tribunal has decided that Okeanis did not have the right to exercise such options to repurchase the vessels under the lease agreements.

The FPSO Dhirubhai-1 is being marketed for new employment and will from Q1 2020 be reclassified as "held for sale" in the financial statements.

The spread of the corona virus combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets. Measures have been implemented in order to limit any major disruption to operations. Including investments made after year-end, Ocean Yield has 68 out of 72 vessels on long term bareboat contracts and this is expected to reduce the impact of the current market volatility. Some of our counterparties may however be negatively impacted by the reduced activity level and we are therefore monitoring the situation closely. The long term impact of the current events is difficult to predict.

OCEAN YIELD ASA FINANCIAL STATEMENTS AND NOTES

Ocean Yield ASA Income statement

Amounts in USD million	Note	2019	2018
Total revenues		**14.0**	**3.4**
Salaries and other personnel related expenses	3	-4.8	-5.2
Other operating expenses	4	-2.4	-3.1
Depreciations		-0.1	-0.1
Operating profit (+)/loss (-)		**6.8**	**-4.9**
Income from investment in subsidiaries	5,8	262.5	-11.7
Financial Income	5	62.9	106.1
Financial Expenses	5	-100.9	-113.3
Net profit before tax		**231.3**	**-23.8**
Income tax expense (-) / benefit (+)	6	-1.2	-0.5
Net profit after tax		**230.1**	**-24.4**

Allocation of profit/loss for the year:		
Profit (+) / loss (-)	230.1	-24.4
Dividend	-124.6	-121.5
Transferred from other paid-in capital	30.5	145.8
Transferred from (+) / allocated to (-) retained earnings	-135.9	-
Total	**-**	**-**

Ocean Yield ASA Balance Sheet at 31st December

Amounts in USD million	Note	2019	2018
ASSETS			
Fixed assets		0.1	0.2
Deferred tax asset	6	-0.0	1.2
Shares in subsidiaries	7	1 226.6	1 652.5
Long-term interest bearing receivables from Group companies	8	1 034.3	1 003.9
Long-term interest bearing receivables and other shares	9	22.3	18.2
Total non-current assets		**2 283.2**	**2 676.1**
Short-term interest free receivables from Group companies	8	27.3	43.4
Short-term interest-bearing receivables	10	-	90.8
Other short-term receivables		0.1	1.2
Cash and cash equivalents	11	128.7	49.5
Total current assets		**156.0**	**184.9**
Total assets		**2 439.3**	**2 861.0**
EQUITY AND LIABILITIES			
Share capital		271.0	253.7
Treasury shares		-0.1	-0.0
Other paid-in capital		355.0	325.4
Total paid-in equity		**625.9**	**579.1**
Retained earnings		135.2	-
Total retained earnings		**135.2**	**-**
Total equity	12	**761.1**	**579.1**
Long-term interest-bearing liabilities to Group companies	8	-	18.5
Long-term interest-bearing debt	13	869.1	1 029.7
Bond debt	13	431.2	273.9
Pension liabilities		0.0	0.0
Other long-term liabilities	15	22.2	26.0
Total non-current liabilities		**1 322.5**	**1 348.2**
Short-term interest-bearing liabilities to Group companies		290.9	876.2
Short-term interest free liabilities to Group companies	8	0.9	2.4
Dividend		33.5	30.4
Other short-term liabilities	16	30.4	24.6
Total current liabilities		**355.7**	**933.7**
Total liabilities		**1 678.1**	**2 281.9**
Total equity and liabilities		**2 439.3**	**2 861.0**

BÆRUM, 23RD MARCH 2020
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	2019	2018
Net profit before tax	231.3	-23.8
Dividends and group contributions from subsidiaries	-	-0.3
Gain/loss/write-downs from investment in subsidiaries	148.4	76.9
Net interest income	37.0	29.3
Interest paid	-71.9	-72.8
Interest received	49.5	49.4
Foreign exchange gain/losses	-9.2	-52.8
Unrealized loss on derivatives and impairment charges on financial assets	2.1	28.3
Change in other short term items	2.6	56.8
Cash flow from operating activities	**389.8**	**91.0**
Acquisition of fixed assets	-	-0.0
Acquisition of shares and capital increase in subsidiaries	-	-0.0
Proceeds from liquidation of subsidiaries	2.4	-0.0
Dividends and group contributions received from subsidiaries	3.2	0.4
Net change in long-term interest-bearing receivables from Group Companies	-51.3	34.4
Net change in long-term interest-bearing receivables	-35.1	34.9
Net change in short-term interest-bearing receivables	-	-90.8
Cash flow from investing activities	**-80.9**	**-21.1**
Proceeds from issuance of interest-bearing long-term external debt	230.9	145.9
Repayment of interest bearing long-term external debt	-236.1	-230.1
Proceeds from issuance of interest-bearing long-term debt to Group companies	-	25.7
Proceeds from issuance of interest-bearing short-term debt to Group companies	231.9	71.2
Repayment of interest bearing long-term debt to Group companies	-0.1	-3.6
Repayment of interest bearing short-term debt to Group companies	-413.8	-23.4
Dividends paid	-121.6	-119.1
New equity	77.3	95.5
Net change in treasury shares	-0.6	-0.1
Cash flow from financing activities	**-232.2**	**-38.1**
Cash flow for the year	76.7	31.8
Cash and cash equivalents at January 1st	49.5	19.2
Exchange rate differences	2.5	-1.5
Cash and cash equivalents at December 31st	**128.7**	**49.5**

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. The spread of the corona virus, combined with a significant drop in the oil price has created substantial volatility in both the shipping- and financial markets. This may have a negative impact on the counterparties chartering vessels from Ocean Yield ASA's subsidiaries and may trigger defaults under current bareboat contracts, which could reduce payments and dividends to the Company from its subsidiaries.

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. As of year-end 2019 Ocean Yield ASA has nine cross currency swaps, where NOK 3,000 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding debt in NOK as of year-end 2019 was NOK 3,197.4 million. However, Ocean Yield ASA has NOK 439.6 million in receivables against a subsidiary, reducing the net debt in NOK to NOK 2,757.5 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 2019 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	2019	2018
Salaries	4.0	4.1
Social security contribution	0.6	0.7
Pension cost	0.1	0.3
Other benefits	0.1	0.2
Total salaries and other personnel expenses	**4.8**	**5.2**
Average number of employees	7	8
Full time employee equivalents	7	8

NOTE 4 OTHER OPERATING EXPENSES

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

Amounts in USD thousand	2019	2018
Ordinary audit	116.1	106.0
Tax advisory services	7.6	8.8
Other non-audit services	-	13.1
Total	**123.7**	**127.9**

NOTE 5 FINANCIAL ITEMS

Amounts in USD million	2019	2018
Dividends and group contributions from subsidiaries	410.9	61.4
Write down of shares in subsidiaries	-74.6	-73.2
Write down on receivables to subsidiaries	-64.0	-
Net loss from dissolution of subsidiaries	-9.9	-
Income from investment in subsidiaries	**262.5**	**-11.7**
Interest income from companies within the Group	52.6	46.4
Other interest income	5.4	4.8
Reversed impairment of interest-bearing receivables and other shares	-	1.0
Net foreign exchange gain	4.9	53.9
Financial income	**62.9**	**106.1**
Interest expenses to Group companies	-17.8	-6.9
Other interest expenses	-77.2	-73.6
Unrealized loss on interest and currency exchange swaps	-2.1	-25.4
Impairment of interest-bearing receivables and other shares	-0.8	-4.8
Loss from sale of interest-bearing receivables	-	-0.4
Other financial expenses	-3.0	-2.1
Financial expenses	**-100.9**	**-113.3**

The dividend from subsidiaries in 2019 of USD 410.9 million is related to OCY Invest AS. OCY Invest AS merged with nineteen companies in 2018 and three in 2019. The profit that has been distributed mainly relates to sale of vessels from Norway to Malta in 2018.

Write down of shares in subsidiaries of USD 74.6 million in 2019 is related to the investments in Aker Floating Production AS, Connector 1 AS and OCY FPSO AS. Write down on receivables to subsidiaries of USD 64.0 million is related to interest-bearing receivables against Aker Contracting FP ASA and Ocean Operations AS. Impairments of interest-bearing receivables and other shares of USD 0.8 million in 2019 is related to the shares in Solstad Offshore ASA.

Write down of shares in subsidiaries of USD 73.2 million in 2018 was 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 was related to the shares in Solstad Offshore ASA.

NOTE 6 INCOME TAX

The table below shows the difference between accounting and tax values at the end of 2019 and 2018 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	2019	2018
Differences in interest and currency swaps	-44.0	-41.9
Loan fees amortised	8.4	11.2
Other	0.1	0.2
Total differences	**-35.6**	**-30.5**
Tax losses carried forward	-78.2	-53.2
Total deferred tax basis	**-113.7**	**-83.7**
Net deferred tax asset (22%)	-25.0	-18.4
Not recognized deferred tax asset	25.0	17.2
Recognized deferred tax asset	**-**	**-1.2**

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	2019	2018
Net profit before tax	231.3	-23.8
Permanent differences in net non-taxable income (-) / expenses (+)	-260.5	-53.3
Change in temporary differences	5.1	30.2
Expenses recorded against equity	-0.8	-1.4
Group contribution recognized directly against shares in subsidiaries	-	23.6
Utilization of accumulated tax losses	-	-
Tax losses for which no deferred income tax asset was recognized	24.9	24.8
Estimated taxable income	**-**	**-**
Tax payable (22%) in the profit and loss account	-	-

Income tax expense/income:

Amounts in USD million	2019	2018
Tax payable	-	-
Change in deferred tax	-1.2	-0.5
Total income tax expense (-) / benefit(+)	**-1.2**	**-0.5**

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 22% of net profit before tax:

Amounts in USD million	2019	2018
22 % tax on net profit before tax (23% in 2018)	-50.9	5.5
22% tax on permanent differences (23% in 2018)	57.3	12.3
Change in tax rate (22% from 1 January 2019)	-	-1.1
Not recognized deferred tax asset	-7.6	-17.2
Estimated income tax expense (-) / benefit(+)	**-1.2**	**-0.5**
Effective tax rate	0.5 %	-2.2 %

NOTE 7 SHARES IN SUBSIDIARIES

Shares in subsidiaries include the following companies at 31st December 2019

Amounts in USD million	Ownership in %	Voting share in%	Location, city	Equity as of Dec. 31st 2019	Profit before tax 2019	Book value
Aker Floating Production AS*	100	100	Lysaker, Norway	-60.0	-121.1	-
Connector 1 AS	100	100	Lysaker, Norway	72.8	-17.5	72.8
F-Shiplease AS*	100	100	Lysaker, Norway	36.3	-6.3	33.2
Ocean Operations AS	100	100	Lysaker, Norway	-0.0	-0.0	0.0
Ocean Yield Malta Limited*	100	100	Floriana, Malta	961.5	97.7	857.5
OCY FPSO AS	100	100	Lysaker, Norway	0.0	-0.0	0.0
OCY Invest AS	100	100	Lysaker, Norway	294.3	12.0	263.1
Total						**1 226.6**

• *100% of the Group's equity as of December 31st, and the Group's profit before tax 2019.*

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	2019	2018
Long-term interest-bearing receivables from Group companies	1 034.3	1 003.9
Long-term interest-bearing receivables from Group companies	**1 034.3**	**1 003.9**

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	2019	2018
Group contribution receivables	-	23.9
Incurred interest, not received, from Group companies	25.3	15.7
Other short-term receivables from Group companies	2.0	3.8
Short-term interest free receivables from Group companies	**27.3**	**43.4**

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

Amounts in USD million	2019	2018
Long-term interest bearing liabilities to Group companies	-	18.5
Long-term interest bearing liabilities to Group companies	**-**	**18.5**

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	2019	2018
Short-term interest bearing liabilities to Group companies	290.9	876.2
Short-term interest bearing liabilities to Group companies	**290.9**	**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	2019	2018
Incurred unpaid interest, to Group companies	0.9	2.3
Other short-term interest free liabilities to Group companies	0.0	0.1
Short-term interest free liabilities to Group companies	**0.9**	**2.4**

Dividends and Group contributions received from Group companies:

Amounts in USD million	2019	2018
Dividends from Group companies	410.9	61.2
Group contributions received from Group companies	-	0.3
Dividends and group contributions received from Group companies	**410.9**	**61.4**

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	2019	2018
Restricted deposits	20.9	16.1
Shares in Solstad Offshore ASA	1.0	1.7
Other long-term interest-bearing receivables	0.4	0.4
Long-term interest-bearing receivables and other shares	**22.3**	**18.2**

RESTRICTED DEPOSITS

The restricted funds as of year-end 2019 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 thresholds.

SHARES IN SOLSTAD OFFSHORE ASA

In 2019, a loss of USD 0.8 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	2019	2018
Pre-delivery instalments VLCC vessels	-	90.8
Short-term interest-bearing receivables	**-**	**90.8**

The short-term interest-bearing receivables in 2018 was related to pre-delivery financing of four VLCC vessels under construction. The vessels have been delivered in 2019, and the receivables was settled.

NOTE 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are distributed as follows:

Amounts in USD million	2019	2018
Cash restricted	0.3	0.3
Cash unrestricted	128.3	49.3
Cash and cash equivalents	**128.7**	**49.5**

In addition Ocean Yield ASA has USD 20.9 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 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**
Dividend	-	-	-30.5	-94.2	-124.6
Profit for the year	-	-	-	230.1	230.1
Issuance of ordinary shares	17.3	-	60.7	-	78.0
Expenses related to issuance of shares, net of tax	-	-	-0.8	-	-0.8
Treasury shares acquired	-	-1.5	-	-	-1.5
Treasury shares sold	-	1.2	-	-0.3	0.9
Other changes	-	-	-0.0	-0.0	-0.1
Shareholders equity 31st December 2019	**271.0**	**-0.4**	**355.0**	**135.5**	**761.1**

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	2019	2018
Interest-bearing debt 1st January	**894.7**	**1 029.7**	**273.9**	**2 198.4**	**1 418.8**
New debt	231.9	24.5	206.4	**462.8**	242.7
Instalments	-414.0	-187.9	-	**-601.8**	-163.5
Other non-cash changes (netted against receivables etc)	-417.8	-	-	**-417.8**	844.5
Repurchase	-	-	-48.0	**-48.0**	-92.6
Loss from repurchase	-	-	-0.2	**-0.2**	-1.0
Amortization of loan fees	-	3.5	0.8	**4.2**	3.6
Effect of movement in foreign exchange	-4.0	-0.7	-1.6	**-6.3**	-54.3
Interest-bearing debt 31st December	**290.9**	**869.1**	**431.2**	**1 591.2**	**2 198.4**

SECURED DEBT

In June 2019, the Group refinanced the two platform supply vessels on long-term bareboat charter to Aker BP ASA. The loan where Ocean Yield ASA was borrower was settled, and a new loan facility of USD 75 million was signed, with Ocean Yield Malta Limited as borrower, and Ocean Yield ASA as guarantor.

BOND DEBT

In August 2019 The Company successfully completed a new perpetual hybrid callable bond ("Hybrid Bond") issue of USD 125 million, carrying a coupon of 3 months LIBOR + 6.50 % p.a. with quarterly interest payments. The Hybrid Bond is subordinated to the Company's outstanding senior unsecured bonds.

In November 2019, Ocean Yield successfully completed a new, five year bond issue of NOK 750 million, carrying a coupon of 3 months NIBOR + 4.25% p.a. In connection with the bond issue, the Company bought back NOK 439.0 million of the outstanding bond OCY03 and on 10th December 2019, the Company issued a call notice for the remaining NOK 458.5 million outstanding under OCY03. This was settled in January 2020.

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 coverage ratio, where EBITDA have been adjusted for finance lease effects of 2.00:1 and minimum liquidity of USD 25 million. Ocean Yield ASA was in compliance with all covenants at year-end 2019.

NOTE 14 MORTGAGES AND GUARANTEE OBLIGATIONS

Guarantee obligations are as follows:

Amounts in USD million	2019	2018
Loan guarantees Ocean Yield Malta Limited	951.5	385.9
Total guarantee obligations	**951.5**	**385.9**

NOTE 15 OTHER LONG- TERM LIABILITIES

Other long-term liabilities consist of the following:

Amounts in USD million	2019	2018
Unrealized loss on interest and currency exchange swaps	22.2	26.0
Other long-term liabilities	**22.2**	**26.0**

NOTE 16 OTHER SHORT-TERM LIABILITIES

Other short-term liabilities consist of the following:

Amounts in USD million	2019	2018
Accrued interest external	6.4	7.2
Unrealized loss on interest and currency exchange swaps	21.9	15.9
Accrued bonus to employees	0.6	0.4
Other	1.5	1.1
Other short-term liabilities	**30.4**	**24.6**

NOTE 17 FINANCIAL INSTRUMENTS

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

31st December 2019

Amounts in USD million	Carrying amount	Fair value	Unrealized loss recognized in profit and loss
Cross Currency Interest Rate Swaps	-39.0	-39.0	-1.5
Forward exchange contracts	-0.5	-0.5	0.6
Interest rate swaps	-4.5	-4.5	-1.2
Shares in Solstad Offshore ASA	1.0	1.0	-0.8
Total	**-43.1**	**-43.1**	**-2.9**

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**

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 Capital AS, 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.

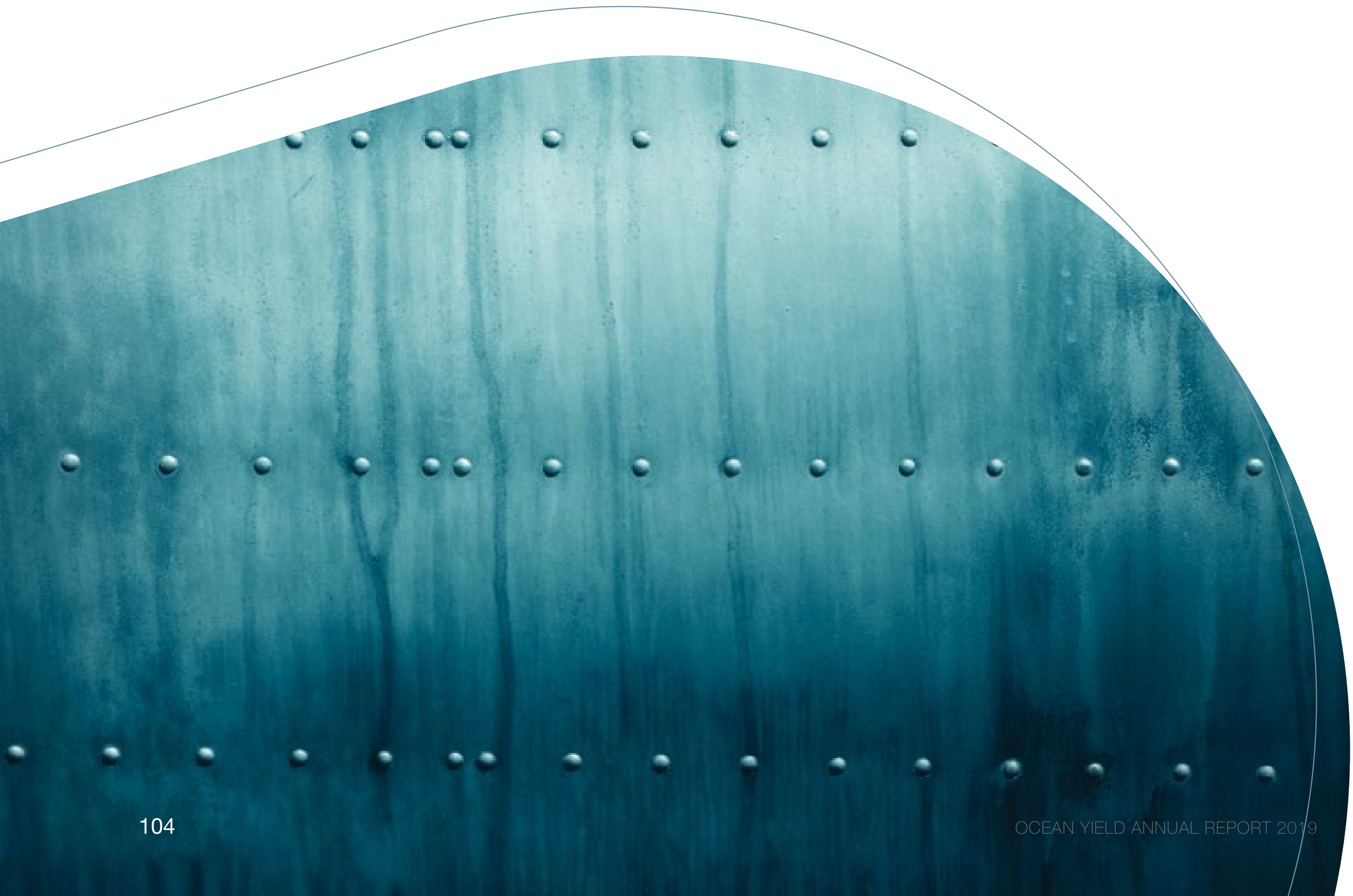
DIRECTOR'S RESPONSIBILITY
STATEMENT

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 2019.

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 2019. 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 2019. 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 2019.

TO THE BEST OF OUR KNOWLEDGE:

- *The consolidated and separate annual financial statements for the Group and the parent company for 2019 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 2019 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, 23RD MARCH 2020
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

KPMG

KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

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, which comprise:

- The financial statements of the parent company Ocean Yield ASA (the Company), which comprise the balance sheet as at 31 December 2019, 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 2019, the income statement, statement of changes in equity and statement of cash flows 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 the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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 accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the 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 assessment

Reference is made to pages 12 (Board of Directors report) page 39 (accounting principles), page 65 (impairment charges and other non-recurring items), and page 68 (vessels and other fixed assets).

The Key Audit Matter	*How the matter was addressed in our audit*

Vessels and other fixed assets include vessels on operating lease contracts with customers totaling USD 1 053.7 million as at 31 December 2019. Interest-bearing long-term and short-term receivables includes vessels on finance lease contracts with customers totaling USD 1 703.4 million as at 31 December 2019.
 	
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 11 and note 14 to the consolidated financial statements, one of the Group's long-term charters expired in September 2018. An option agreement was entered into with one counterparty for a long-term lease of the vessel, but this option was not exercised and the agreement expired as at 31 December 2019. Due to these circumstances, there is an increased impairment risk for this vessel.
 	
One other vessel has been on short-term contracts during 2019 and does not have a charter contract as at 31 December 2019. Due to these circumstances, there is an increased impairment risk for this vessel.
 	
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.
	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 discount 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 and short-term receivables to be in accordance with the requirements under the relevant accounting standards.

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.

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 Managing Director 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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, 23 March 2020
KPMG AS

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 for the AHTS vessels with bareboat charters to Solstad Offshore ASA has not been included in the charter backlog as of year-end 2019, as no charter hire was received in 2019, and the agreements are expected to be amended.*

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 statement of profit and loss as separate line items.

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

Amounts in USD million	2019	2018
EBITDA	222.5	282.7
Repayment on finance lease receivables	80.5	50.9
EBITDA adjusted for finance lease effects	**303.0**	**333.6**
Net profit after tax	-39.9	58.4
Write down on trade receivables related to the FPSO DB-1	-	19.5
Impairment of goodwill related to the FPSO DB-1	-	9.8
Impairment of FPSO DB-1	68.4	-
Increase in field abandonment provision related to the FPSO DB-1	12.2	9.1
Impairment of Far Senator/Far Statesman	-	13.4
Foreign exchange gains/losses	-1.6	-16.0
Change in fair value of financial instruments	3.6	23.3
Change in deferred tax	2.5	2.8
Other non-recurring items	0.9	1.5
Adjusted Net profit	**46.0**	**121.6**

OCEAN YIELD

Oksenøyveien 10
Lysaker, Norway

POSTAL ADDRESS

P.O. Box 513
NO-1327 Lysaker
Norway

Tel.: +47 24 13 00 00
post@oceanyield.no

www.oceanyield.no