OCEAN YIELD ASA

Second Quarter and First Half Year 2017 Report

Contents

SECOND QUARTER AND FIRST HALF YEAR 2017 REPORT

Lysaker, 13th July 2017, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the second quarter and first half year 2017.

HIGHLIGHTS

- Declared a dividend of USD 0.1875 per share for Q2 2017. This is an increase of 0.25 cents per share compared with the previous quarter and is the 15th consecutive quarterly increase.
- Net profit before tax for the second quarter was USD 34.4 million and Net profit after tax was USD 30.6 million. Adjusted net profit was USD 33.5 million.
- Acquisition of two 2014-built PSV's with more than 12-years remaining bareboat charter to Aker BP ASA.
- Acquisition of one modern Suezmax tanker with 14-year bareboat charter.
- Delivery of the liquefied ethylene gas carrier, *Gaschem Orca* from Sinopacific Offshore & Engineering Co. Ltd.
- Navig8 Product Tanker Inc., the charterer of four LR2 vessels, agreed to merge with Scorpio Tankers Inc.
- The charter backlog was USD 2.9 billion on an adjusted EBITDA basis with remaining average duration of 11.4 years.

Commenting on the second quarter results, Lars Solbakken, CEO of Ocean Yield ASA, said:

"*I am pleased to present yet another positive quarter for Ocean Yield with an adjusted net profit of USD 33.5 million and with increased dividends to shareholders for the 15th consecutive quarter. During the second quarter, Ocean Yield acquired 3 modern vessels on long-term charter and the fleet now consists of 37 vessels. We intend to continue to expand and diversify the fleet in order to further strengthen our earnings and dividend capacity.*"

CONSOLIDATED KEY FIGURES

Selected key financial figures for Q2 2017 compared with Q1 2017 and Q2 2016 and the first half year of 2017 compared with the first half year of 2016:

USD million	Q1 2017	Q2 2017	Q2 2016	1H 2017	1H 2016
Revenues and other income	78.6	82.2	70.1	160.8	136.2
EBITDA	71.2	74.3	63.4	145.5	122.1
EBITDA adjusted for finance lease effects*	79.1	83.1	69.3	162.2	132.9
Net profit after tax	36.8	30.6	25.5	67.4	44.1
Adjusted net profit*	33.4	33.5	31.6	67.0	60.6
Equity ratio	35.2%	32.6%	31.1%	32.6%	31.1%
EBITDA Charter backlog (USD bn)**	2.9	2.9	3.3	2.9	3.3
Dividend declared per share (USD)	0.1850	0.1875	0.1725	0.3725	0.3400

**Refer to note 18*
***Refer to Footnote on EBITDA Charter Backlog - page 6*

MAIN EVENTS DURING THE SECOND QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1875 per share for Q2 2017. The dividend is on an annualized basis equal to USD 0.75 per share. The dividend will be paid on or about 26th July 2017 to shareholders as of 17th July 2017 registered with the Norwegian Central Securities Depository (the "VPS") as of 19th July 2017 (the "Record Date"). The ex-dividend date will be 18th July 2017.

- Ocean Yield announced the acquisition of two Platform Supply Vessels ("PSVs") from BP Shipping for a total consideration of USD 105.3 million. Both vessels are on long term charters to Aker BP ASA ("Aker BP"). The two vessels, *NS Orla* and *NS Frayja*, were built in September and December 2014, respectively, and have about 12.3 years remaining bareboat charters to Aker BP. The bareboat charter rates are USD 17,253 per day per vessel, which gives a contribution to annual EBITDA of USD 12.6 million. The acquisition was financed with a combination of debt and equity, and a bank facility of USD 65 million has been drawn, with semi-annual instalments based on an annuity profile and a tenor of 7 years. The vessels were delivered to Ocean Yield on 14th June 2017.

- Ocean Yield announced the investment in a 2017-built Suezmax tanker with 14-year hell-and-high-water bareboat charter to a company owned and guaranteed by Okeanis Marine Holdings SA. The purchase price included a seller's credit of USD 7.0 million, giving a net purchase price of USD 47 million. The acquisition was financed by a combination of debt and equity, where a senior secured bank facility of USD 37.8 million was obtained. The loan has a 5-year tenor and a repayment profile of 15-years to zero. Okeanis Marine Holdings SA is the ship-owning holding company of the Alafouzos family, which has 50+ years of history in the dry-bulk and crude-oil sectors with long-term relations with a number of oil majors. The management company of the group is known under the name Kyklades Maritime Corporation. The vessel was delivered to Ocean Yield on June 30th 2017.

- The 36,000 cbm liquefied ethylene gas carrier *Gaschem Orca* was delivered from Sinopacific Offshore & Engineering, China ("SOE") on 16th June . The vessel is the second of two sister vessels delivered to Ocean Yield from SOE. The vessel has a 15-year bareboat charter to the Hartmann Group and a 10 year (plus 5x1 year options) sub-charter to SABIC Petrochemicals B.V ("SABIC"), which will commence upon arrival in Houston in July. The vessel will be used for shipments of ethane from Houston to SABIC's cracker in Teeside, UK.

- Scorpio Tankers Inc. ("Scorpio") announced an agreement to merge with Navig8 Product Tankers Inc. ("Navig8"), which is the charterer of four LR2 product tankers. In connection with the transaction, Ocean Yield has approved a request to amend the bareboat charters between certain wholly owned subsidiaries of Ocean Yield and Navig8, to reflect that Navig8 will be replaced by Scorpio as Charter Guarantor . Following the merger, Scorpio will become one of the largest product tanker companies globally, and the largest U.S. listed owner of product tankers, with a delivered fleet of 105 vessels. In connection with the merger, Scorpio completed a USD 200 million gross equity offering.

- The long-term charter for the vessel *Lewek Connector* was cancelled in February this year and the vessel was subsequently fixed on a four month contract with expiry at the end of May. This contract was later extended by a firm period of three months plus options for two additional months. The firm period expires at the end of August, however the options for extension of this charter may be exercised. The earnings from the *Lewek Connector* has been substantially reduced, as the charter rate has been reduced from USD 105,000 per day in the original long-term charter to USD 40,000 per day under the current contract. Following completion of the current contract, the vessel is marketed both for cable-laying and offshore construction work. The Company expects that in the near-term it may be challenging to obtain a reasonable utilization of the vessel, in particular during the winter months.

- The FPSO *Dhirubhai-1* showed steady production during the quarter with a production uptime of 99.8%. In June, Reliance Industries ("RIL") and BP issued a press release, announcing that they will develop three additional fields on the KG-D6 block in India, which is the same block as the FPSO *Dhirubhai-1* is operating. The total investment will be about USD 6 billion. RIL and BP has decided to award contracts to progress development of the 'R- Series' field, whereas development plans for the 'Satellite' and 'MJ' deep water gas fields will be submitted for Government approval before the end of 2017. The FPSO *Dhirubhai-1* is presently operating at one of two producing fields at the KG-D6 Block. Currently, RIL and BP are performing a FEED study for the development of the 'MJ' field, which they expect will be completed before year-end 2017. It is expected that the 'MJ' field will be developed with an FPSO solution, where *Dhirubhai-1* may be a potential candidate. The new developments are expected to bring a total of c. 30-35 million cubic meters (1 billion cubic feet) of gas a day of new gas production on-stream, phased over 2020-2022.

SECOND QUARTER FINANCIAL REVIEW

- **Total revenues and other income** for Q2 2017 were USD 82.2 million compared with USD 70.1 million for Q2 2016. Of the Total revenues, USD 59.5 million is classified as Operating revenue, USD 16.2 million classified as Finance lease revenue and USD 6.5 million as Income from investments in associates. This compares with USD 60.8 million of Operating revenues in Q2 2016, USD 9.3 million of Finance lease revenue and zero Income from investment in associates during Q2 2016.

  Due to several of the Company's long term charters being classified as finance leases, the charter hire received is higher than what is reported as revenues according to IFRS, as only the interest income under a finance lease is recognized in the Profit & Loss Statement.

  Another four vessels on long-term charter were delivered during the quarter. This includes the two PSVs on long-term charter to Aker BP, the 2017-built Suezmax vessel on long term charter to Okeanis Marine Holdings SA and the gas carrier *Gaschem Orca* that was delivered on June 16th. The Suezmax vessel has been accounted for as a finance lease, while the gas vessel and the two PSVs are accounted for as operating leases. As all vessels were delivered towards the end of the quarter, the deliveries had only marginal impact on Revenues this quarter.

- **Investment in associates** reflects Ocean Yield's investment in 49.5% of Box Holdings Inc., the owner of six mega-container vessels on long-term bareboat charters.

- **Vessel operating expenses**, which are solely related to the operation of the FPSO *Dhirubhai-1*, were USD 5.1 million for Q2 2017, compared with USD 4.0 million for Q2 2016. The increase compared to Q2 2016 is related to replacement of a gas turbine generator in accordance with normal scheduled maintenance, where the estimated total cost of USD 1.2 million has been fully expensed in the quarter.

- **Wages and other personnel expenses** were USD 1.4 million for Q2 2017, compared with USD 1.3 million for Q2 2016.

- **Other operating expenses** were USD 1.4 million during Q2 2017 compared with USD 1.4 million for Q2 2016.

- **EBITDA** was USD 74.3 million in Q2 2017 compared with USD 63.4 million in Q2 2016. Adjusted for finance lease effects, the EBITDA was USD 83.1 million in Q2 2017 compared with USD 69.3 million in Q2 2016. The increase in EBITDA is related to delivery of further vessels to the fleet.

- **Depreciation and amortization** was USD 24.8 million in Q2 2017, compared with USD 24.8 million in Q2 2016. Ocean Yield has taken delivery of four vessels accounted for as operating leases since Q2 2016, however the increase in depreciation related to these vessels is offset by the change in depreciation schedule for the *Lewek Connector*, following the cancellation of the long-term charter, as described in the Q1 2017 Report.

- **Financial income** was USD 1.4 million in Q2 2017 compared with USD 4.5 million in Q2 2016. The decrease from Q2 2016 to Q2 2017 is mainly related to Ocean Yield's monetization of unsecured bonds issued by American Shipping Company ASA ("AMSC"), where Ocean Yield as of Q2 2017 held bonds with a book value of USD 50.8 million, compared with USD 194.9 million in Q2 2016. As described in the Q1 2017 Report, these bonds were refinanced by AMSC in February 2017.

- **Financial expenses** were USD 17.3 million in Q2 2017, compared with USD 11.5 million in Q2 2016. The increase compared to Q2 2016 is mainly related to increased long-term debt as a result of vessel deliveries and the issuance of a new NOK 750 million bond issue in September 2016.

- **Foreign exchange losses** were USD 5.4 million in Q2 2017, compared with a foreign exchange gain of USD 2.8 million in Q2 2016. The foreign exchange amounts are mainly a result of the movements in the USD/NOK exchange rate, since Ocean Yield's bond loans are denominated in NOK.

- **Mark-to market of derivatives** were positive in Q2 2017 with USD 6.2 million compared with negative USD 4.8 million in Q2 2016. The Company's cross currency swaps that are entered into in connection with issuance of NOK bonds, had a positive mark-to-market of USD 6.9 million, while the interest rate swaps related to vessel financings were negative with USD 0.7 million, resulting in a net gain of USD 6.2 million. The foreign exchange gains and mark-to-market of derivatives had no significant cash impact.

- **The Net profit before tax** for Q2 2017 was USD 34.4 million compared with USD 29.5 million for Q2 2016. The increase comes as a result of delivery of further vessels to the fleet.

- **Change in deferred tax** was negative USD 3.7 million in Q2 2017, compared with USD 4.1 million in Q2 2016.

- **The Net profit after tax** for Q2 2017 was USD 30.6 million compared with USD 25.5 million for Q2 2016. Adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and change in deferred tax, the net profit for Q2 2017 was USD 33.5 million as compared with USD 31.6 million in Q2 2016.

- **Vessels and equipment** was USD 1,361.1 million as of Q2 2017, compared with USD 1,228.6 million in Q1 2017. The increase from previous quarter reflects delivery of further vessels accounted for as operating leases, which includes the two PSVs and the gas vessel delivered during the quarter.

- **Finance Lease receivables** and related assets were USD 735.0 million in Q2 2017, compared with USD 695.9 million in Q1 2017. The increase relates to delivery of vessels accounted for as Finance leases, including the Suezmax vessel delivered this quarter.

- **Investments in associates** were USD 185.8 million in Q2 2017 compared to USD 1.6 million in Q2 2016. This amount reflects Ocean Yield's investment in 49.5% of Box holding Inc., being the owner of six mega container vessels on long term charter.

- **Trade Receivables** were USD 27.0 million in Q2 2017 compared with USD 23.3 million in Q1 2017. Of this, USD 12.5 million is overdue, which is related to bonuses and other payments under the charter contract for the FPSO *Dhirubhai-1*.

- **Cash & cash equivalents** at the end of Q2 2017 were USD 126.8 million, compared with USD 96.1 million at the end of Q1 2017. In addition to the free cash, the Company has available undrawn credit facilities of USD 58.2 million and AMSC bonds available for sale of USD 50.8 million. Total available liquidity was then USD 235.8 million at the end of the quarter.

- **Book equity** was USD 823.8 million at the end of Q2 2017, compared with USD 824.8 million at the end of Q1 2017. The equity ratio was 32.6% compared with 35.2% in Q1 2017. Total assets were USD 2,523.5 million in Q2 2017, compared with USD 2,344.9 million in Q1 2017.

YEAR TO DATE FINANCIAL REVIEW

- **Total revenues and other income** for the first half 2017 were USD 160.8 million as compared with USD 136.2 million for the first half 2016. Of this, USD 116.7 million was Operating revenue, USD 32.3 million was recorded as Finance lease revenue and USD 11.8 million was Income from investment in associates. This compares to USD 119.6 million of Operating revenue, USD 16.7 million of Finance lease revenue and zero in Income from investments in associates in the first half of 2016. The increase from first half 2016 to first half 2017 reflects delivery of further vessels to the fleet.

- **EBITDA** was USD 145.5 million for the first half 2017, compared with USD 122.1 million for the first half 2016. Adjusted for finance lease effects, the adjusted EBITDA was 162.2 million in first half 2017, compared with USD 132.9 million in the first half of 2016.

- **Depreciation** was USD 49.3 million, compared with USD 49.1 million in the first six months of 2016.

- **Operating Profit** was USD 96.3 million as compared with USD 73.0 million for the first half of 2016.

- **Financial Income** was USD 10.6 million in the first half of 2017 compared with USD 9.1 million in the first six months of 2016.

- **Financial expenses** were USD 34.3 million compared with USD 21.6 million in the first half of 2016. The increase is related to delivery of further vessels to the fleet and increased long-term debt as a result.

- **Net profit before tax** was USD 74.9 million for the first half of 2017 compared with USD 51.2 million for the first half of 2016.

- **Change in deferred tax** was negative USD 7.4 million for the first half of 2017 compared with USD 7.2 in the first six months of 2016.

- **Net profit after tax** was USD 67.4 million for the first half of 2017 compared with USD 44.1 million for the first half of 2016.

CHARTER BACKLOG

The charter backlog at the end of Q2 2017 was USD 2.9 billion on an adjusted EBITDA [1] basis. The average remaining contract duration (weighted by EBITDA) was 11.4 years. The total fleet as of the end of Q2 2017 counted 37 vessels, where all are delivered. Six of the vessels are owned 49.5% by Ocean Yield and one vessel is owned 75%.

RISKS

Ocean Yield is exposed to a number of risks, including counterparty risk, financing risk, interest rate risk, currency risk, vessel construction risk when the Company has vessels on order (including risk for late delivery of vessels) and residual value risk. The Company is also exposed to

[1] *Figures are based on management's estimates which may be subject to change. These include assumptions on operating expenses on the Dhirubhai-1, 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 USD LIBOR interest rates for floating rate lease agreements.*

operating risk on the FPSO *Dhirubhai-1*, and may be subject to demobilisation and redeployment risk on the FPSO if the purchase option upon contract expiry is not exercised.

Regarding the vessel *Lewek Connector*, Ocean Yield is currently marketing the vessel for new employment after the current contract, both as a subsea construction and cable installation vessel. Due to long lead-time for such projects, there is a risk of low utilisation and even lay-up, in particular during the winter months.

In a letter dated 24th May 2017, the Norwegian ministry of Finance notified to the EFTA Surveillance Authority ("ESA") a continuation of the Norwegian tonnage tax regime for another period of 10 years, starting 1st July 2017. ESA has subsequently approved an extension of the current tonnage tax regime until 31st December 2017, while discussions are on-going. To facilitate an approval from ESA, the Ministry suggested some amendments to the regime, inter alia the introduction of certain restrictions on tonnage taxed companies' right to charter out vessels on bareboat terms. For Ocean Yield this means that the Company may consider to amend existing bareboat contracts into time-charter contracts in order for the vessels to remain in the tonnage tax regime. Ultimately, there is a risk of higher taxes for earnings from bareboat contracts that cannot be amended into time-charters. As time-charters are expected to fully qualify for tonnage tax, it may be a solution that future investments are likely to be structured as time-charters.

For a more detailed description of risk factors, please refer to the annual report for 2016, which is available on www.oceanyield.no.

OUTLOOK

At the end of Q2 2017, Ocean Yield had 37 vessels in the fleet. The Company's intends to continue to expand and diversify its fleet of vessels on long-term charter in order to strengthen the Company's earnings and dividend capacity.

Given Ocean Yield's strong balance sheet and liquidity position, the Company is well positioned to continue to grow its portfolio of vessels and is actively considering new investments in modern vessels on long-term charter. The Company intends to continue its policy of paying attractive and increasing dividends to the shareholders, however at a conservative growth rate.

13th July 2017
Ocean Yield ASA

Frank O. Reite	**Kjell Inge Røkke**	**Annicken Gann Kildahl**
Chairman	*Director*	*Director*
Anne Christin Døvigen	**Jens Ismar**	**Lars Solbakken**
Director	*Director*	*CEO*

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DIRECTORS' RESPONSIBILITY STATEMENT:

Today, the Board of Directors and the company's Chief Executive Officer reviewed and approved the interim financial report and the unaudited condensed interim consolidated financial statements for the second quarter and the first half year of 2017.

The interim, condensed, consolidated financial statements have been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:
The interim, condensed, consolidated financial statements for the second quarter and the first half of 2017 have been prepared in accordance with applicable accounting standards. The interim, condensed, consolidated financial statements provide a true and fair picture of the Company's assets, liabilities, financial position, and profit as of 30 June 2017. The interim financial report for the first six months of 2017 also includes a fair overview of the development and performance of the business, and it provides a true and fair description of the most important risks and uncertainties the group may face.

13th July 2017
Ocean Yield ASA

Frank O. Reite	**Kjell Inge Røkke**	**Annicken Gann Kildahl**
Chairman	*Director*	*Director*
Anne Christin Døvigen	**Jens Ismar**	**Lars Solbakken**
Director	*Director*	*CEO*

Ocean Yield ASA Group condensed consolidated financial statement for the second quarter and first half year 2017

INCOME STATEMENT

Amounts in USD million	Note	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
Operating revenues		57.2	59.5	60.8	116.7	119.6	241.7
Finance lease revenue		16.1	16.2	9.3	32.3	16.7	45.9
Income from investments in associates	12	5.3	6.5	-	11.8	-	6.7
Total revenues and other income	**5**	**78.6**	**82.2**	**70.1**	**160.8**	**136.2**	**294.4**
Vessel operating expenses	6	(4.2)	(5.1)	(4.0)	(9.2)	(8.8)	(17.8)
Wages and other personnel expenses	7	(1.8)	(1.4)	(1.3)	(3.2)	(2.9)	(6.1)
Other operating expenses		(1.4)	(1.4)	(1.4)	(2.8)	(2.4)	(5.3)
EBITDA	5	**71.2**	**74.3**	**63.4**	**145.5**	**122.1**	**265.2**
Depreciation and amortization	11	(24.5)	(24.8)	(24.8)	(49.3)	(49.1)	(99.7)
Impairment charges		-	-	-	-	-	(36.2)
Operating profit		**46.8**	**49.5**	**38.6**	**96.3**	**73.0**	**129.2**
Financial income	8	9.2	1.4	4.5	10.6	9.1	18.8
Financial expenses		(17.0)	(17.3)	(11.5)	(34.3)	(21.6)	(55.0)
Foreign exchange gains/losses		(0.6)	(5.4)	2.8	(6.0)	(10.5)	(5.9)
Mark to market of derivatives	9	2.1	6.2	(4.8)	8.3	1.1	6.8
Net financial items		**(6.2)**	**(15.2)**	**(9.0)**	**(21.4)**	**(21.8)**	**(35.2)**
Net profit before tax		**40.5**	**34.4**	**29.5**	**74.9**	**51.2**	**94.0**
Current tax expense	10	(0.0)	(0.0)	-	(0.0)	-	(0.2)
Deferred tax expense (-)/ benefit (+)	10	(3.7)	(3.7)	(4.1)	(7.4)	(7.2)	(16.3)
Net profit after tax		**36.8**	**30.6**	**25.5**	**67.4**	**44.1**	**77.5**
Attributable to:							
Equity holders of the parent		36.4	30.4	25.5	66.8	44.2	76.1
Non-controlling interests		0.4	0.3	(0.1)	0.7	(0.1)	1.4
Net profit after tax		**36.8**	**30.6**	**25.5**	**67.4**	**44.1**	**77.5**
Weighted avg. number of shares outstanding		148.3	148.3	134.6	148.3	134.6	138.9
Basic and diluted earnings per share (USD)		**0.25**	**0.20**	**0.19**	**0.45**	**0.33**	**0.55**

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
Net profit after tax for the period	36.8	30.6	25.5	67.4	44.1	77.5
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX						
Items that will not be reclassified to the income statement:						
Re-measurements of defined benefit liability	-	-	-	-	-	(0.2)
Total for items that will not be reclassified to the income statement	**-**	**-**	**-**	**-**	**-**	**(0.2)**
Items that are or may be reclassified to the income statement:						
Share of other comprehensive income from investments in associates	(0.6)	(3.1)	-	(3.7)	-	18.9
Change in fair value of available for sale financial assets	0.3	(2.3)	-	(2.0)	-	-
Currency translation differences	0.2	1.2	(0.6)	1.4	2.1	0.8
Total for items that are or may be reclassified to the income statement	**(0.1)**	**(4.2)**	**(0.6)**	**(4.3)**	**2.1**	**19.7**
Total change in other comprehensive income, net of income tax	**(0.1)**	**(4.2)**	**(0.6)**	**(4.3)**	**2.1**	**19.4**
Total comprehensive income for the period	**36.7**	**26.4**	**24.9**	**63.1**	**46.1**	**96.9**
Attributable to:						
Equity holders of the parent	36.4	26.1	24.9	62.5	46.3	95.5
Non-controlling interests	0.4	0.3	(0.1)	0.7	(0.1)	1.4
Total comprehensive income for the period	**36.7**	**26.4**	**24.9**	**63.1**	**46.1**	**96.9**

BALANCE SHEET

Amounts in USD million	Note	31 March 2017	30 June 2017	30 June 2016	31 December 2016
ASSETS					
Goodwill		9.8	9.8	9.8	9.8
Vessels and equipment	11	1 228.6	1 361.1	1 338.5	1 243.8
Investments in associates	12	186.6	185.8	1.6	187.4
Finance lease receivables and related assets	13	695.9	735.0	555.4	703.5
Investments in AMSC bonds	8	50.7	50.8	194.9	197.5
Restricted cash deposits		23.3	2.3	22.9	23.8
Other interest-bearing long term receivables		1.5	1.6	0.6	1.2
Shares in Solstad Farstad	14	12.5	10.1	-	-
Deferred tax assets		16.7	13.2	29.2	20.5
Total non-current assets		**2 225.5**	**2 369.7**	**2 152.9**	**2 387.5**
Trade receivables and other interest-free receivables		23.3	27.0	18.2	21.7
Cash and cash equivalents		96.1	126.8	110.8	165.5
Total current assets		**119.4**	**153.8**	**129.0**	**187.2**
Total assets		**2 344.9**	**2 523.5**	**2 281.9**	**2 574.7**
EQUITY AND LIABILITIES					
Share capital		239.6	239.6	223.0	239.6
Treasury shares		(0.1)	(0.1)	(0.1)	(0.1)
Other paid-in capital		434.5	407.1	455.7	461.6
Total paid-in capital	19	**674.1**	**646.6**	**678.6**	**701.1**
Retained earnings and translation reserves		139.4	165.5	21.0	103.1
Total equity attributable to equity holders of the parent		**813.5**	**812.2**	**699.6**	**804.2**
Non-controlling interests		11.3	11.6	9.5	11.0
Total equity		**824.8**	**823.8**	**709.1**	**815.2**
Interest-bearing debt	16	1 256.7	1 456.3	1 207.4	1 380.4
Pension liabilities		0.4	0.4	0.2	0.4
Mobilization fee, advances and deferred revenue		45.2	40.6	43.9	37.4
Mark to market of derivatives	9	24.1	20.0	66.8	26.1
Non-current provisions – decommissioning liabilities	17	28.9	29.3	27.5	28.5
Total non-current liabilities		**1 355.3**	**1 546.7**	**1 346.0**	**1 472.7**
Interest-bearing short term debt	16	106.2	98.6	173.6	173.4
Liability related to investments in associates		-	-	-	57.7
Mark to market of derivatives	9	41.3	39.1	6.3	41.3
Trade and other payables		17.3	15.4	46.8	14.4
Total current liabilities		**164.8**	**153.1**	**226.8**	**286.8**
Total liabilities		**1 520.1**	**1 699.7**	**1 572.8**	**1 759.5**
Total equity and liabilities		**2 344.9**	**2 523.5**	**2 281.9**	**2 574.7**

CHANGE IN EQUITY

Amounts in USD million	Share capital	Other paid-in capital	Treasury shares reserve	Fair value reserve	Trans-lation reserve	Retained earnings	Share-holders equity	Non-controlling interests	Total equity
Balance at 31 December 2015	**222.8**	**455.2**	**(0.3)**	-	**(41.7)**	**61.2**	**697.3**	**11.6**	**708.8**
Net profit after tax for the period	-	-	-	-	-	76.1	76.1	1.4	77.5
Other comprehensive income	-	-	-	-	0.8	18.6	19.4	-	19.4
Total comprehensive income	**-**	**-**	**-**	-	**0.8**	**94.7**	**95.5**	**1.4**	**96.9**
Issuance of ordinary shares	16.8	88.7	-	-	-	-	105.5	-	105.5
Dividend	-	(82.1)	-	-	-	(11.9)	(94.0)	(2.0)	(96.0)
Balance at 31 December 2016	**239.6**	**461.8**	**(0.3)**	-	**(40.9)**	**144.0**	**804.2**	**11.0**	**815.2**
Net profit after tax for the period	-	-	-	-	-	66.8	66.8	0.7	67.4
Other comprehensive income	-	-	-	(2.0)	1.4	(3.7)	(4.3)	-	(4.3)
Total comprehensive income	**-**	**-**	**-**	**(2.0)**	**1.4**	**63.1**	**62.5**	**0.7**	**63.1**
Dividend	-	(54.5)	-	-	-	-	**(54.5)**	-	(54.5)
Balance at 30 June 2017	**239.6**	**407.3**	**(0.3)**	**(2.0)**	**(39.5)**	**207.0**	**812.2**	**11.6**	**823.8**

CASH FLOW STATEMENT

Amounts in USD million	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
Profit before tax	40.5	34.4	29.5	74.9	51.2	94.0
Depreciation, amortization and impairment	24.5	24.8	24.8	49.3	49.1	136.0
Income from investments in associates	(5.3)	(6.5)	-	(11.8)	-	(6.7)
Dividend received from investments in associates	5.6	4.1	-	9.7	-	-
Net interest expenses (+)	13.3	15.1	6.8	28.4	12.2	34.1
Interest paid	(15.6)	(15.4)	(10.1)	(31.0)	(18.1)	(43.2)
Interest received	3.6	0.2	3.4	3.8	6.7	13.6
Unrealized foreign exchange gain/loss	1.2	6.4	(2.9)	7.6	10.7	2.9
Mark to market of derivatives	(2.1)	(6.2)	4.8	(8.3)	(1.1)	(6.8)
Other changes in operating activities	(8.8)	(9.6)	(1.1)	(18.4)	(21.6)	(29.3)
Net cash flow from operating activities	**56.9**	**47.2**	**55.3**	**104.1**	**89.1**	**194.6**
Acquisition of vessels and equipment	(8.5)	(154.6)	(45.4)	(163.2)	(88.8)	(139.3)
Refundable yard instalments	-	-	-	-	-	17.6
Acquisition of vessels accounted for as finance lease	-	(47.0)	(47.7)	(47.0)	(102.2)	(248.6)
Repayment on finance lease receivables	7.9	8.8	5.9	16.6	10.8	26.1
Investments in other non-current assets	(0.1)	(0.4)	(34.9)	(0.5)	(74.7)	(92.1)
Investments in associated companies	(57.7)	-	(1.6)	(57.7)	(1.6)	(104.2)
Net change in long-term interest-bearing receivables	153.1	21.2	2.9	174.3	1.8	1.1
Net cash flow from investing activities	**94.7**	**(172.1)**	**(120.8)**	**(77.4)**	**(254.7)**	**(539.4)**
Proceeds from issuance of long-term interest-bearing debt	(0.0)	224.1	140.1	224.1	284.4	630.7
Repayment of long-term interest-bearing debt	(194.0)	(41.1)	(36.4)	(235.1)	(80.1)	(247.0)
Dividends paid	(27.1)	(27.4)	(22.5)	(54.5)	(44.5)	(94.0)
Dividend paid to non-controlling interests	-	-	(2.0)	-	(2.0)	(2.0)
Net proceeds from issuance of new equity, net of costs related to the issuance	-	-	0.6	-	0.6	105.1
Net cash flow from financing activities	**(221.1)**	**155.5**	**79.8**	**(65.6)**	**158.5**	**392.7**
Net change in cash and cash equivalents	**(69.5)**	**30.7**	**14.2**	**(38.9)**	**(7.1)**	**47.8**
Exchange rate differences	0.2	(0.0)	(0.1)	0.1	0.2	(0.1)
Cash and cash equivalents at the beginning of the period	165.5	96.1	96.6	165.5	117.7	117.7
Cash and cash equivalents at the end of the period	**96.1**	**126.8**	**110.8**	**126.8**	**110.8**	**165.5**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE SECOND QUARTER AND FIRST HALF YEAR 2017

Note 1 Introduction – Ocean Yield ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the second quarter and first half year ending 30 June 2017 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group"). The financial statement for the second quarter and first half year ending 30 June 2017 includes the financial statements of the parent company, Ocean Yield ASA, its subsidiaries and equity accounted investments.

The consolidated financial statements of the Group for the year ended 31 December 2016 and quarterly reports are available at www.oceanyield.no.

Note 2 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 13 July 2017.

A number of standards, amendments to standards and interpretations are not effective for the period ended 30 June 2017 and have not been applied in preparing these consolidated financial statements;

- The implementation of IFRS 9 Financial Instruments is mandatory from 1 January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and will replace the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduce a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. The new standard is not expected to have significant impact on the financial statements of Ocean Yield.

- Implementation of IFRS 15 Revenue from Contracts with Customers is mandatory from 1 January 2018. The new standard is not expected to have significant impact on the financial statements of Ocean Yield.

- Implementation of IFRS 16 Leases is mandatory from 1 January 2019. The new standard requires companies to bring most of its leases on-balance sheet, recognizing new assets and liabilities. The new standard is not expected to have significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to current practice.

Note 3 Significant accounting principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. In addition, the Group has adopted the following accounting principle from 2017;

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

Note 4 Estimates

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as of the year ended 31 December 2016.

Note 5 Operating segments

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

Total revenues and other income *Amounts in USD million*	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
FPSO	34.6	35.0	34.7	69.6	69.5	137.9
Other Oil Service	17.1	18.8	22.1	36.0	44.0	90.7
Car Carriers	9.9	9.7	8.5	19.6	15.2	35.4
Container vessels	5.3	6.5	-	11.8	-	6.7
Tankers	9.0	9.1	4.7	18.1	7.5	22.2
Other Shipping	2.6	3.0	-	5.6	-	1.4
Total revenues and other income	**78.6**	**82.2**	**70.1**	**160.8**	**136.2**	**294.4**

EBITDA *Amounts in USD million*	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
FPSO	28.9	28.4	29.2	57.3	58.0	114.5
Other Oil Service	17.0	18.7	22.1	35.7	44.0	90.6
Car Carriers	9.8	9.7	8.5	19.6	15.2	35.3
Container vessels	5.3	6.5	-	11.8	-	6.7
Tankers	9.0	9.1	4.7	18.1	7.5	22.0
Other Shipping	2.6	3.0	-	5.6	-	1.4
Other companies and eliminations	(1.5)	(1.2)	(1.2)	(2.6)	(2.5)	(5.1)
EBITDA	**71.2**	**74.3**	**63.4**	**145.5**	**122.1**	**265.2**

From 2017 the Company have created a new segment *Tankers.* This segment includes the Group's investments in chemical tankers and product tankers, which previously were reported in the segment *Other Shipping.* The old segment *Gas carriers* is no longer reported as a separate segment, but is instead included in *Other Shipping.* Comparative figures have been adjusted to reflect the segment changes.

Note 6 Vessel operating expenses

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

Note 7 Wages and other personnel expenses

Wages and personnel expenses were USD 1.4 million in Q2 2017 compared with USD 1.3 million in Q2 2016, and USD 3.2 million in the first half of 2017 compared with USD 2.9 million in the first half of 2016. These figures include all land based personnel in Ocean Yield and Aker Floating Production, which counted a total of 20 persons as of Q2 2017.

Note 8 Financial income

In the second quarter of 2017, financial income of USD 1.4 million was recorded, compared to USD 4.5 million in the second quarter of 2016. In the first half of 2017, financial income of USD 10.6 million was recorded, compared to USD 9.1 million in the first half of 2016. The financial income is mainly related to the investment in AMSC bonds. In February 2017, American Shipping Company ASA ("AMSC") successfully completed a refinancing of its unsecured bonds. A new USD 220 million, five year unsecured bond was issued, carrying a coupon of 9.25% p.a. Ocean Yield subscribed for a 50% participation of the new issue and was allocated a total of USD 50 million. The net cash proceeds to Ocean Yield was USD 156 million, including accrued interest. USD 5.7 million was recorded as gain in Q1 2017 related to the refinancing of the bonds.

The new bonds have been classified into the category "available-for-sale" financial assets. Subsequent to initial measurement, the bonds are measured at fair value. Impairment losses are recognized in profit and loss as they arise. Any other variation in value is recorded through Other Comprehensive Income. Interest income is recognized under the effective interest method, with the effective interest rate being calculated on the instrument's initial recognition.

The bonds are considered by the Group to be level 3 financial instruments under the fair value hierarchy. As of 30 June 2017 the fair value of the bonds have been estimated to be 101.5% of the outstanding amount. This has been estimated based on the weighted average price from observed trades in 2017.

Amounts in USD million	AMSC bonds
Initial recognition	50.0
Fair value adjustment	0.8
Balance at 30 June 2017	**50.8**

Note 9 Mark to market of derivatives

Mark-to-market of derivatives was positive USD 6.2 million in Q2 2017, and positive USD 8.3 million in the first half of 2017. This is mainly related to four cross currency interest rate swaps related to the Group's bond loans, where floating rate NOK payments have been swapped to floating rate USD payments. In addition, the Group has entered into several interest rate swaps related to vessel financings.

All of the swaps are recorded at fair value, and are considered by the Group to be level 2 financial instruments under the fair value hierarchy.

Amounts in USD million	Change Q2 2016	Change First half 2016	MTM as of 30 June 2016	Change Q2 2017	Change First half 2017	MTM as of 30 June 2017
Cross Currency Interest Rate Swaps	(2.1)	11.9	(49.6)	6.9	8.1	(46.6)
Interest rate swaps	(2.8)	(10.8)	(23.5)	(0.7)	0.2	(12.5)
Total	**(4.8)**	**1.1**	**(73.2)**	**6.2**	**8.3**	**(59.1)**

Note 10 Income tax

Income tax expense of USD 3.7 million was recognized in Q2 2017, compared with USD 4.1 million in Q2 2016, and USD 7.5 million in the first half of 2017 compared with USD 7.2 million in the first half of 2016. As most of the Company's vessels are within the Norwegian tonnage tax system, taxable profits are mainly derived from the FPSO activities and the bonds held in AMSC.

Tonnage tax: In a letter dated 24 May 2017, the Norwegian ministry of Finance notified to EFTA Surveillance Authority (ESA) a continuation of the Norwegian tonnage tax regime for another period of 10 years, starting 1 July 2017. ESA has subsequently approved an extension of the current tonnage tax regime until 31 December 2017, while discussions are on-going.

Note 11 Vessels and equipment

Material changes in vessels and equipment during the first half of 2017:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other /elim	Total
Balance at 1 January	**345.4**	**470.5**	**312.0**	**106.5**	**9.5**	**1 243.8**
Acquisitions	-	105.7	-	48.6	0.0	154.2
Advances	-	-	-	8.1	0.8	8.9
Disposals	-	-	-	-	-	-
Depreciation	(28.7)	(12.0)	(6.8)	(1.5)	(0.3)	(49.3)
Impairment	-	-	-	-	-	-
Effect of movements in foreign exchange	-	3.3	-	-	-	3.3
Balance at 30 June 2017	**316.7**	**567.5**	**305.2**	**161.7**	**10.1**	**1 361.1**

Vessels defined as finance leases are not included in Note 11 but included in Note 13 Finance lease receivables and related assets.

In June 2017 Ocean Yield announced the acquisition of two Platform Supply Vessels from BP Shipping for a total consideration of USD 105.4 million. Both vessels are on long term charters to Aker BP ASA. The vessels were delivered to Ocean Yield on 14th June 2017. The vessels are accounted for as operating leases and have been included in the segment *Other Oil Service.*

The 36,000 cbm liquefied ethylene gas carrier Gaschem Orca was delivered from Sinopacific Offshore & Engineering, China ("SOE") on 16th June 2017. The vessels is accounted for as an operating lease and is included in the segment *Other Shipping.*

Note 12 Investments in associates

Ocean Yield had as of 30 June 2017 the following investments in associates:

BOX Holdings Inc.
Country: Marshall Islands
Ownership and voting rights: 49.5%

Ocean Yield owns a 49.5% indirect equity interest in six newbuilding container vessels through its investment in BOX Holdings Inc, where Quantum Pacific Shipping is the largest shareholder. The vessels are chartered to a major European container line on 15-year bareboat charters. The vessels, with capacity of about 19,500 TEU, have been built at Samsung Heavy Industries, South Korea. Four of the vessels were delivered in 2016, and the last two vessels were delivered in February and March 2017.

The investment is accounted for using the equity method.

Amounts in USD million	**31 December 2016**	**31 March 2017**	**30 June 2017**
Carrying amount of investments in associates:			
Non-currents assets	575.9	859.7	854.1
Current assets	47.8	63.9	64.7
Non-current liabilities	(404.7)	(605.5)	(600.9)
Current liabilities	(41.8)	(48.1)	(48.0)
Net assets (100%)	**177.3**	**270.0**	**270.0**
Share of net assets (49.5%)	**87.8**	**133.6**	**133.6**
Deferred consideration	57.7	-	-
Consideration paid related to vessels not yet delivered	0.6	-	-
Carrying amount of investments in associates before adjustments	**146.0**	**133.6**	**133.6**
Adjustment to carrying value of investment:			
Finance lease receivables	48.6	59.9	58.9
Adjustment to interest-bearing long-term debt	(7.2)	(6.9)	(6.7)
Carrying amount of investments in associates	**187.4**	**186.6**	**185.8**

Income from investments in associates:	**Q4 2016**	**Q1 2017**	**Q2 2017**	**First half 2017**
Operating revenues	12.6	16.3	21.1	37.4
Operating expenses	(0.1)	(0.2)	0.0	(0.2)
Financial items	(3.8)	(7.1)	(9.5)	(16.6)
Net profit (100%)	**8.7**	**9.0**	**11.6**	**20.6**
Share of net profit (49.5%)	**4.3**	**4.5**	**5.7**	**10.2**
Adjustment to finance lease revenue	(0.8)	(0.8)	(1.0)	(1.8)
Interest adjustment to long-term debt	1.5	1.6	1.8	3.4
Income from investments in associates	**4.9**	**5.3**	**6.5**	**11.8**

Total comprehensive income from investments in associates:	**Q4 2016**	**Q1 2017**	**Q2 2017**	**First half 2017**
Net profit (100%)	8.7	9.0	11.6	20.6
Other comprehensive income	36.7	1.5	(3.3)	(1.8)
Total comprehensive income	**45.4**	**10.6**	**8.3**	**18.9**
Share of comprehensive income (49.5%)	**22.5**	**5.2**	**4.1**	**9.3**
Adjustment to finance lease revenue	(0.8)	(0.8)	(1.0)	(1.8)
Interest adjustment to long-term debt	0.4	0.3	0.3	0.5
Total comprehensive income from investments in associates	**22.1**	**4.7**	**3.4**	**8.1**

Note 13 Finance lease receivables and related assets

Finance lease receivables of USD 735.0 million at 30 June 2017 are related to the vessel Aker Wayfarer, ten chemical tankers, four product tankers and one Suezmax tanker.

In June 2017 Ocean Yield announced the investment in a 2017-built Suezmax tanker *Poliegos* with 14-year hell and high water bareboat charter to a company owned and guaranteed by Okeanis Marine Holdings SA. The purchase price included a seller's credit of USD 7.0 million, giving a net purchase price of USD 47 million. The vessel is accounted for as a finance lease and was delivered to Ocean Yield on June 30th 2017. The vessel is included in the segment *Tankers.*

In Q2 2017 USD 16.2 mill has been recognized as finance lease revenue compared to USD 9.3 million in Q2 2016, and in the first half of 2017 USD 32.3 million has been recognized as finance lease revenue compared to USD 16.7 million in the first half of 2016. On a cash basis, USD 24.9 million was received in bareboat hire during the second quarter of 2017 compared to USD 15.2 million in Q2 2016. In the first half of 2017 USD 48.9 million was received compared to USD 27.5 million in the first half of 2016.

The net finance lease receivables as of 30 June 2017 was as follows:

	Other Oil Service			Tankers			Total
Amounts in USD million	Gross Investment in finance lease receivables	Effect of Discounting	Present value of minimum lease payments	Gross Investment in finance lease receivables	Effect of Discounting	Present value of minimum lease payments	Present value of minimum lease payments
Lease payments receivable:							
Less than one year	39.3		36.4	58.0		56.0	92.4
Between one and five years	140.8		94.7	226.5		186.4	281.1
More than five years	210.4		66.4	545.3		295.1	361.5
Total finance lease receivables	**390.5**	**(193.0)**	**197.5**	**829.8**	**(292.3)**	**537.5**	**735.0**
Unguaranteed residual values included above	57.7		13.6	148.7		61.6	75.2

Note 14 Shares in Solstad Farstad ASA

In February 2017, Ocean Yield agreed with Farstad Supply AS to restructure the terms of the bareboat charters, while at the same time a combination of Farstad Shipping ASA, Solstad Offshore ASA and Deep Sea Supply Plc was proposed. As part of the restructuring Ocean Yield converted NOK 160.8 million in net present value of future payments under the leasing agreements with Farstad Supply AS into equity. In addition, a portion of the annual lease payments have been deferred until Q4 2021. Commencing in Q1 2022, the lease payments will revert to the original levels and in addition, all deferred payments will become repayable in linear instalments of 20% per year, with a bullet repayment of deferred payments in Q4 2023. The maturity dates of the leases remain unchanged, being March and June 2025, and a new cash sweep mechanism was introduced in the leases.

The new charter rates were applicable from 1st January 2017. Following completion of the Farstad restructuring, Ocean Yield owned 315,595,760 shares in Farstad Shipping ASA, equivalent to 6.5% of the shares in the company. The proposed combination with Solstad Offshore ASA and Deep Sea Supply Plc, was completed in June 2017 and Ocean Yield now owns 8,836,681 shares in Solstad Farstad ASA, equivalent to 3% of the shares in the company.

The shares have been classified into the category "available-for-sale" financial assets. Subsequent to initial measurement, the shares are measured at fair value. Impairment losses are recognized in profit and loss as they arise. Any other variation in value is recorded through Other Comprehensive Income. The shares are considered by the Group to be level 1 financial instruments under the fair value hierarchy.

Amounts in USD million	Shares in Solstad Farstad
Initial recognition	12.9
Fair value adjustment	(2.8)
Balance at 30 June 2017	**10.1**

Note 15 Contractual obligations

Ocean Yield had as per 30 June 2017 no contractual obligations related to the purchase of vessels.

Note 16 Interest-bearing debt

Material changes in interest-bearing debt (short term and long term) during the first half of 2017:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Other /elim	Total
Balance at 1 January	**100.0**	**508.2**	**217.1**	**385.0**	**66.0**	**277.5**	**1 553.8**
New loans	-	65.9	54.8	37.8	67.5	-	226.0
Paid loan fees	-	(0.8)	-	(0.4)	(0.7)	-	(1.9)
Instalments	(70.2)	(85.9)	(63.2)	(13.9)	(1.9)	-	(235.1)
Effect of movements in foreign exchange and loan fees amortized	0.3	2.7	0.3	0.7	0.0	8.2	12.2
Total interest-bearing debt	**30.0**	**490.2**	**208.9**	**409.2**	**130.9**	**285.7**	**1 554.9**

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Other /elim	Total
Long-term interest-bearing debt	20.0	456.1	192.0	379.4	123.1	285.7	1 456.3
1st year instalments	10.0	34.0	17.0	29.8	7.8	-	98.6
Total interest-bearing debt	**30.0**	**490.2**	**208.9**	**409.2**	**130.9**	**285.7**	**1 554.9**
Undrawn facilities	-	58.2	-	-	-	-	58.2

In January 2017 Ocean Yield cancelled the drawing facility with Aker ASA, where NOK 250 million were available for drawdown at year-end 2016.

In March 2017, an amendment agreement to the current loan facility related to the FPSO Dhirubhai-1 was signed. At total of USD 67.8 million of debt was outstanding against the vessel prior to the amendment. As part of the Company's cash management after receipt of the AMSC bond proceeds, USD 37.8 million was prepaid on this facility and USD 30 million was rolled over into an amended loan facility. The amended loan facility has maturity on September 31st 2018 and will be repaid in three quarterly instalments, with the first instalment due on March 31st 2018. This will contribute to improve the Company's free cash flow going forward, as there will be no debt instalments related to the FPSO until Q1 2018.

Following receipt of the cash proceeds from the AMSC bonds, Ocean Yield has prepaid certain of its debt facilities and reduced the outstanding amount on some of its Revolving Credit Facilities. A total of USD 142.5 million was prepaid in Q1 2017, where USD 54.8 million has been redrawn in Q2 2017. At June 2017 USD 58.2 million remains available for drawdown at the Company's request.

The acquisition of the two PSVs *NS Orla* and *NS Frayja* in June 2017 was financed with a combination of debt and equity, and a bank facility of USD 65 million has been established. The Facility has semi-annual instalments based on an annuity profile and a tenor of 7 years.

The acquisition of the Suezmax tanker *Poliegos* was financed by a combination of debt and equity, where a senior secured bank facility of USD 37.8 million was obtained. The loan has a 5-year tenor and a repayment profile of 15-years to zero.

On the vessel *Lewek Connector*, Ocean Yield has agreed with the lenders to remove any requirements in the loan agreement related to the previous long-term charter of the vessel, against a partial prepayment of five future instalments, in total USD 15.2 million. This prepayment was completed during Q2 2017. Following this prepayment, the next five semi-annual installments will be reduced by approximately 31% each. In addition, it has been agreed to extend the commercial bank guarantee under the financing agreement with another three years

Note 17 Non-current provisions

Amounts in USD million	Decommissioning obligation	**Total**
Balance at 1 January 2017	(28.5)	**(28.5)**
Accretion expense	(0.8)	**(0.8)**
Balance at 30 June 2017	**(29.3)**	**(29.3)**

The non-current decommissioning obligation reported above is related to the FPSO Dhirubhai-1. The unit is currently on a contract with Reliance Industries Ltd. (RIL) that expires in September 2018. RIL has in accordance with the contract an option to purchase Dhirubhai-1. If RIL exercises the purchase option, any decommissioning cost will be for their account. However, if the purchase option is not exercised or the contract is not extended, the Dhirubhai-1 must be demobilized from the field at the end of the current contract in September 2018.

The amount and timing of settlement in respect of the potential decommissioning cost are uncertain and dependent on a number of factors. A total decommissioning cost of USD 31.3 million in September 2018 has been estimated, where USD 29.3 million has been recognised in the balance sheet as of Q2 2017, representing the present value of the obligation.

Note 18 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.

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

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

Amounts in USD million	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2016	First half 2017	First half 2016	Jan - Dec 2016
EBITDA	71.2	74.3	63.4	145.5	122.1	265.2
Repayment on finance lease receivables	7.9	8.8	5.9	16.6	10.8	26.1
EBITDA adjusted for finance lease effects	**79.1**	**83.1**	**69.3**	**162.2**	**132.9**	**291.3**
Net profit after tax	36.8	30.6	25.5	67.4	44.1	77.5
Impairment charges	-	-	-	-	-	36.2
Gain AMSC bonds	(5.7)	-	-	(5.7)	-	-
Foreign exchange gains/losses	0.6	5.4	(2.8)	6.0	10.5	5.9
Mark to market of derivatives	(2.1)	(6.2)	4.8	(8.3)	(1.1)	(6.8)
Change in deferred tax	3.7	3.7	4.1	7.4	7.2	16.3
Other non-recurring items	0.1	-	-	0.1	-	1.7
Adjusted net profit	**33.4**	**33.5**	**31.6**	**67.0**	**60.6**	**130.9**

Note 19 Share capital and dividends

As of 30 June 2017, the Company had a share capital of NOK 1,483,514,320 divided into 148,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 42,813.

In Q2 2017 USD 27.4 million was paid in dividends, following the announcement of the Q1 2017 Results.

Note 20 Events after the balance sheet date

There have not been any major events after the balance sheet date.