Q2
2018 REPORT

OCEAN YIELD

Contents

SECOND QUARTER AND FIRST HALF YEAR RESULTS 2018

Fornebu, 12th July 2018, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the second quarter and first half year ending 30th June 2018.

HIGHLIGHTS Q2 2018

- Declared a dividend of USD 0.1910 per share for Q2 2018. This is an increase of 0.05 cents per share compared with the previous quarter.
- EBITDA for Q2 2018 was USD 84.3 million and EBITDA adjusted for finance lease effects was USD 95.1 million.
- Net profit before tax for Q2 2018 was USD 36.9 million and Net profit after tax was USD 35.1 million. Adjusted net profit was USD 37.9 million.
- Delivery of two handy-size dry bulk vessels with long-term charters, which were acquired during Q1 2018.
- Acquisition of four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to companies owned and guaranteed by CMB NV.
- Completed a new five-year unsecured bond issue of NOK 750 million carrying a coupon of NIBOR + 3.65% p.a. and subsequently called and repaid in early July the outstanding amounts of NOK 661 million under the bond loan OCY02.
- Sale of bonds in American Shipping Company ASA with net sale proceeds of USD 49.6 million.
- Signed loan agreements with a total amount of USD 330 million for the long-term bank financing of recent acquisitions.

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

"The high activity experienced during the first quarter continued into the second quarter, with the investment in another four container vessels on long-term charter. In addition we have completed a number of new loan facilities for the long-term financing of recently announced investments and successfully issued a new unsecured bond at attractive terms. Based on the dividend for Q2 2018, the Ocean Yield share is yielding 8.8% p.a. and the Company has priority on payment of an attractive and stable dividend."

SELECTED KEY FINANCIAL FIGURES

Amounts in USD million	Q1 2018	Q2 2018	Q2 2017	1st Half 2018	1st Half 2017	2017
Revenues and other income	89.2	**95.1**	82.2	**184.3**	160.8	339.1
EBITDA	77.8	**84.3**	74.3	**162.1**	145.5	306.5
EBITDA adjusted for finance lease effects*	86.8	**95.1**	83.1	**181.9**	162.2	340.7
Net profit after tax	33.3	**35.1**	30.6	**68.4**	67.4	129.7
Adjusted net profit*	33.9	**37.9**	33.5	**71.7**	67.0	137.7
Equity ratio	37.0 %	**36.1 %**	32.6 %	**36.1 %**	32.6 %	34.0 %
EBITDA charter backlog (USD bn)**	3.5	**3.6**	2.9	**3.6**	2.9	3.0
Dividend declared per share (USD)	0.1905	**0.1910**	0.1875	**0.3815**	0.3725	0.7505

**Definition on page 21*

***Definition on page 6*

MAIN EVENTS DURING THE SECOND QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1910 per share for Q2 2018. The dividend is on an annualized basis equal to USD 0.7640 per share. The dividend will be paid on or about 26th July 2018 to shareholders as of 16th July 2018 registered with the Norwegian Central Securities Depository (the "VPS") as of 18th July 2018 (the "Record Date"). The ex-dividend date will be 17th July 2018.
- In May, Ocean Yield issued a new 5-year unsecured bond issue of NOK 750 million. The bonds carry a coupon of NIBOR + 3.65% p.a. with quarterly interest payments. The bond issue attracted strong interest and was well oversubscribed. The net proceeds from the bond issue will be used to refinance existing debt, finance future growth of the group and general corporate purposes. Following completion of the bond issue, Ocean Yield exercised its call option on OCY02 in accordance with the bond agreement, where NOK 661.0 million was net outstanding with maturity in March 2019. These bonds have been repaid in full subsequent to quarter end.
- In June, Ocean Yield announced an agreement to acquire four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to companies owned and guaranteed by CMB NV ("CMB"). The aggregate purchase price was approximately USD 120 million net of pre-paid charter-hire. The vessels were delivered to the Company in early July. CMB will have certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years. CMB is a maritime group founded in 1895 and based in Antwerp, Belgium, with activities within dry bulk- and chemical tanker shipping, container vessels and aviation leasing. After taken private in 2015, CMB is now wholly owned by the Saverys family.

  The transaction will be financed with a combination of long-term debt and cash. The Company has received credit approved offers from a group of banks for long-term financing of the vessels.
- The vessel *Connector* continued to operate on its time-charter for cable-lay installation on Ørsted's Hornsea Project One. The firm contract expires on 26th August 2018. The Company sees increased interest for employment of the vessel with positive long-term outlook, however there is a risk of lower utilisation in the upcoming winter season.
- The FPSO *Dhirubhai-1* had strong results and an operational uptime of 100% in the second quarter. During the second quarter, the remaining outstanding bank debt on the FPSO has been fully repaid. The FPSO is on a firm contract with Reliance Industries Ltd. ("Reliance") until 21st September 2018. Reliance has an option to purchase the FPSO at a fixed price of USD 255 million at the end of the firm contract period, however it is still unclear if this purchase option will be exercised. With respect to a potential extension of the current contract for further production on the MA field, no agreement has so far been entered into. The Company is currently also evaluating an employment opportunity outside India. Refer also to the information provided in the Risk section on page 6, regarding risks related to the FPSO.
- During the second quarter, Ocean Yield has entered into several new loan agreements for the long-term financing of recently announced investments. In total, loan facilities of approximately USD 330 million have been signed in the second quarter, with a variety of banks. The loan facilities have tenors between five and seven years and are priced at attractive terms.
- Also during the second quarter, Ocean Yield has sold its remaining holdings of bonds issued by American Shipping Company ASA ("AMSC") giving sales proceeds of USD 49.6 million. The proceeds will be used as equity in new transactions and for general corporate purposes.

SECOND QUARTER FINANCIAL REVIEW

- **Operating revenues** were USD 69.8 million in Q2 2018 compared with USD 66.3 million in Q1 2018. The increase from the first quarter mainly relates to the vessel *Connector*, which has been fully employed on the time-charter contract for cable installation on Ørsted's Hornsea Project One during the second quarter. This vessel experienced reduced revenues during the first quarter, as it was dry-docked and went through a mobilisation phase for the new contract.
- **Finance lease revenues** were USD 19.2 million in Q2 2018 compared with USD 16.8 million in Q1 2018. The increase compared with Q1 2018 is related to delivery of vessels acquired in Q1 and Q2 2018 which are classified as finance leases. 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. Two dry-bulk vessels were delivered during the second quarter and five during the first quarter. All are accounted for as finance leases.
- **Income from investment in associates**, which is related to the 49.5% investment in Box Holdings Inc., were USD 6.1 million in Q2 2018 compared with USD 6.1 million in Q1 2018.
- **Total revenues** and other income for Q2 2018 were USD 95.1 million compared with USD 89.2 million for Q1 2018.
- **Vessel Operating Expenses** were USD 6.6 million in Q2 2018 compared with USD 6.4 million in Q1 2018. Of this, USD 2.4 million is related to the vessel *Connector*, which is operating on a time-charter contract and the remaining USD 4.2 million is related to the FPSO *Dhirubhai-1*.
- **EBITDA** was USD 84.3 million in Q2 2018 compared with USD 77.8 million in Q1 2018. Adjusted for finance lease effects, the EBITDA was USD 95.1 million compared with USD 86.8 million in Q1 2018.
- **Depreciation and amortization** was USD 26.7 million in Q2 2018, compared with USD 26.7 million in Q1 2018. As all vessel delivered recently are accounted for as finance leases, there are no changes to the depreciation from Q1 2018.
- **Financial income** was USD 1.0 million in Q2 2018 compared with USD 1.5 million in Q1 2018. The decrease from Q1 2018 to Q2 2018 is mainly related to Ocean Yield's sale of unsecured bonds issued by AMSC during the second quarter. As of Q1 2018, Ocean Yield held bonds in AMSC with a book value of USD 49.1 million. These have all been sold during Q2 2018.
- **Financial expenses** were USD 21.0 million in Q2 2018, compared with USD 18.7 million in Q1 2018. The increase compared to the previous quarter is related to increased long-term debt as a result of vessel deliveries, a book loss of USD 0.4 million related to the sale of AMSC bonds and increased interest expenses as a result of the new bond issue, OCY05, which was completed in May.
- **Foreign exchange** gains were USD 12.9 million in Q2 2018, compared with a loss of USD 16.2 million in Q1 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 losses had no significant cash impact.
- **Change in fair value of financial instruments** were negative with USD 13.6 million in Q2 2018 compared with positive USD 18.1 million in Q1 2018. This is mainly related to the Company's cross currency swaps, which had a negative change in fair value of USD 14.8 million in the quarter, while the Company's interest rate swaps related to vessel financings had a positive change in fair value of USD 1.2 million. The change in fair value of financial instruments had no significant cash impact.
- **The Net profit before tax** for Q2 2018 was USD 36.9 million compared with USD 35.7 million for Q1 2018.
- **Tax payable** was USD 0.4 million in Q2 2018 and zero in Q1 2018.
- **Change in deferred tax** was negative USD 1.4 million in Q2 2018, compared with USD 2.4 million in Q1 2018. The change in deferred tax is mainly a result of a positive taxable net profit on the FPSO. The change in deferred tax results in a reduction of deferred tax assets on the balance sheet, which have now been fully utilized.
- **The Net profit after tax** for Q2 2018 was USD 35.1 million compared with USD 33.3 million for Q1 2018. Adjusted for non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the net profit after tax was USD 37.9 million as compared with USD 33.9 million in Q1 2018.

BALANCE SHEET ITEMS

- **Finance lease receivables and related assets** were USD 844.0 million in Q2 2018 compared with USD 817.1 million in Q1 2018. The increase is mainly related to delivery of vessels during Q2 2018 accounted for as finance leases.
- **Investments in AMSC bonds** were zero at the end of Q2 2018, compared with USD 49.1 million in Q1 2018. As commented under Financial income, these bonds

have been sold during the second quarter.

- **Trade receivables** were USD 36.6 million in Q2 2018 compared with USD 41.5 million in Q1 2018. USD 34.2 million of trade receivables are related to bonuses and other payments under the charter contract for the FPSO Dhirubhai-1, of which USD 18.6 million remains overdue.
- **Cash & cash equivalents** at the end of Q2 2018 were USD 266.0 million, compared with USD 124.4 million at the end of Q1 2018. In addition to the free cash, the Company had available undrawn credit facilities of USD 40.8 million at the end of the quarter. In connection with the new bond issue, OCY05, the Company issued a 30-day call notice for all bonds outstanding under OCY02. These bonds were settled immediately after quarter end, resulting in a cash payment of approximately USD 83 million.
- **Book equity** was USD 946.3 million at the end of Q2 2018, compared with USD 939.6 million at the end of Q1 2018. The equity ratio was 36.1% at the end of Q2 2018 compared with 37.0% in Q1 2018.
- **Fair value of derivatives** were in total negative USD 14.9 million at the end of Q2 2018, compared with negative USD 1.2 million at the end of Q1 2018. The decrease is related to movements in the USD NOK exchange rate and the USD interest rates.
- **Total assets** were USD 2,623.9 million in Q2 2018, compared with USD 2,539.3 million in Q1 2018.

YEAR TO DATE FINANCIAL REVIEW

- **Total revenues and other income** for the first half 2018 were USD 184.3 million compared with USD 160.8 million in the first half of 2017. Of this, USD 136.1 million was Operating revenue, USD 35.9 million was recorded as Finance lease revenue and USD 12.3 million was Income from investments in associates. This compares to USD 116.7 million of Operating revenue, USD 32.3 million of Finance lease revenue and USD 11.8 million in Income from investments in associates during the first half of 2017. The increase from first half 2017 to first half 2018 reflects delivery of further vessels to the fleet.
- **EBITDA** was USD 162.1 million for the first half 2018, compared with USD 145.5 million for the first half 2017. Adjusted for finance lease effects, the adjusted EBITDA was 181.9 million in first half 2018, compared with USD 162.2 million in the first half of 2017.
- **Depreciation** was USD 53.4 million, compared with USD 49.3 million in the first six months of 2017.
- **Operating Profit** was USD 108.7 million as compared with USD 96.3 million for the first half of 2017.
- **Financial Income** was USD 2.5 million in the first half of 2018 compared with USD 10.6 million in the first six months of 2017. Financial income in the first half 2017 includes a one-off profit of USD 5.7 million, in connection with the refinancing of bonds issued by AMSC in 2017.
- **Financial expenses** were USD 39.7 million compared with USD 34.3 million in the first half of 2017. 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 72.6 million for the first half of 2018 compared with USD 74.9 million for the first half of 2017. The figures for the first half 2017 include a one-off profit of USD 5.7 related to the refinancing of the bonds in AMSC.
- **Tax payable** was USD 0.4 million in the first half 2018 compared with zero in first half 2017.
- **Change in deferred tax** was negative USD 3.8 million for the first half of 2018 compared with USD 7.4 in the first six months of 2017.
- **Net profit after tax** was USD 68.4 million for the first half of 2018 compared with USD 67.4 million for the first half of 2017.

CHARTER BACKLOG

The EBITDA backlog* at the end of Q2 2018 was USD 3.6 billion with an average remaining contract duration of 11.3 years. The total fleet counted 55 vessels at the end of the quarter, including eleven vessels scheduled for delivery. Four container ships were delivered on 5th July 2018 and one Suezmax vessel was delivered on 10th July 2018. In addition, two Suezmax vessels are scheduled for delivery in Q3 2018 and four VLCCs are scheduled for delivery in Q2 and Q3 2019.

RISKS

Ocean Yield is exposed to a number of risks, including counter-party risk, financing risk, interest rate risk, currency risk, vessel construction risk and residual value risk. The Company is also exposed to operating risk on the FPSO *Dhirubhai-1* and *Connector.* Ocean Yield is facing the risk of reduced revenues, cash flow and net profit from the FPSO when the current charter contract expires on 21st September 2018.

**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 interest rates for floating rate lease agreements.*

If the purchase option is not exercised, there is a risk of impairment of the book value of the FPSO, in particular if the current contract is not extended or a new employment contract is not immediately entered into. With no extension of the current contract, Ocean Yield is also exposed to demobilization risk related to the FPSO in India. A provision of USD 30.0 million is included in the accounts as per 30th June 2018 for the potential demobilization of the FPSO. No assurance can be given that the actual cost may not deviate from this amount. During the past 10 years, a number of contractual issues have been subject to discussions between the parties. It is expected that these issues will be subject to negotiations in connection with the expiry of the current contract.

For a more detailed description of risk factors, please refer to the annual report for 2017, which is available on www.oceanyield.no.

OUTLOOK

The Company has continued to expand and diversify its fleet of vessels on long-term charter, evidenced by the commitment to invest in another 15 vessels during the first 6 months of 2018. In the coming 12 months, the Company will take delivery of another eleven vessels on long term charter, which will further contribute to increased earnings and dividend capacity. In addition, the Company will continue to focus on further growth through investments in new projects.

Key focus for the next quarter will be to secure a positive outcome for the FPSO *Dhirubhai-1,* which contract expires in September 2018. The Company intends to continue its policy of paying attractive, quarterly dividends to its shareholders, with priority on stability in the dividend payments.

12th July 2018
Ocean Yield ASA

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

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DIRECTOR'S 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 2018. 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 2018 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 2018. The interim financial report for the first six months of 2018 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.

12th July 2018
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

Ocean Yield ASA Group condensed consolidated financial statement for the second quarter and first half year 2018

INCOME STATEMENT

Amounts in USD million	Note	1st Quarter 2018	2nd Quarter 2018	2nd Quarter 2017	1st Half 2018	1st Half 2017	Jan - Dec 2017
Operating revenues		66.3	69.8	59.5	136.1	116.7	248.4
Finance lease revenue		16.8	19.2	16.2	35.9	32.3	66.6
Income from investments in associates		6.1	6.1	6.5	12.3	11.8	24.1
Total revenues and other income	5	**89.2**	**95.1**	**82.2**	**184.3**	**160.8**	**339.1**
Vessel operating expenses		(6.4)	(6.6)	(5.1)	(13.0)	(9.2)	(18.2)
Wages and other personnel expenses		(2.5)	(2.3)	(1.4)	(4.8)	(3.2)	(7.4)
Other operating expenses		(2.5)	(1.9)	(1.4)	(4.4)	(2.8)	(7.1)
EBITDA	5	**77.8**	**84.3**	**74.3**	**162.1**	**145.5**	**306.5**
Depreciation and amortization	7	(26.7)	(26.7)	(24.8)	(53.4)	(49.3)	(102.6)
Operating profit (EBIT)		**51.1**	**57.6**	**49.5**	**108.7**	**96.3**	**203.8**
Financial income		1.5	1.0	1.4	2.5	10.6	13.4
Financial expenses		(18.7)	(21.0)	(17.3)	(39.7)	(34.3)	(72.0)
Foreign exchange gains/losses		(16.2)	12.9	(5.4)	(3.3)	(6.0)	(37.4)
Change in fair value of financial instruments	6	18.1	(13.6)	6.2	4.4	8.3	41.8
Net financial items		**(15.3)**	**(20.7)**	**(15.2)**	**(36.1)**	**(21.4)**	**(54.2)**
Net profit before tax		**35.7**	**36.9**	**34.4**	**72.6**	**74.9**	**149.7**
Tax payable		-	(0.4)	(0.0)	(0.4)	(0.0)	(2.0)
Change in deferred tax		(2.4)	(1.4)	(3.7)	(3.8)	(7.4)	(18.0)
Net profit after tax		**33.3**	**35.1**	**30.6**	**68.4**	**67.4**	**129.7**
Attributable to:							
Equity holders of the parent		32.9	34.7	30.4	67.6	66.8	128.2
Non-controlling interests		0.5	0.4	0.3	0.8	0.7	1.5
Net profit after tax		**33.3**	**35.1**	**30.6**	**68.4**	**67.4**	**129.7**
Weighted average number of shares outstanding		151.3	159.3	148.3	155.3	148.3	148.3
Earnings per share (USD)		**0.22**	**0.22**	**0.20**	**0.44**	**0.45**	**0.86**
Total number of shares outstanding, eksl. treasury shares		159.3	159.3	148.3	159.3	148.3	148.3

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	1st Quarter 2018	2nd Quarter 2018	2nd Quarter 2017	1st Half 2018	1st Half 2017	Jan - Dec 2017
Net profit after tax for the period	33.3	35.1	30.6	68.4	67.4	129.7
Other comprehensive income, net of income tax						
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit liability (asset)	-	-	-	-	-	(0.2)
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 investment in associates	5.2	2.3	(3.1)	7.5	(3.7)	(2.3)
Change in fair value of available for sale financial assets	(0.3)	1.8	(2.3)	1.5	(2.0)	(0.8)
Currency translation differences	2.2	(2.3)	1.2	(0.1)	1.4	2.2
Total for items that are or may be reclassified to the income statement	7.1	1.9	(4.2)	9.0	(4.3)	(0.9)
Total change in other comprehensive income, net of income tax	7.1	1.9	(4.2)	9.0	(4.3)	(1.1)
Total comprehensive income for the period	**40.5**	**37.0**	**26.4**	**77.4**	**63.1**	**128.6**
Attributable to:						
Equity holders of the parent	40.0	36.6	26.1	76.6	62.5	127.1
Non controlling interests	0.5	0.4	0.3	0.8	0.7	1.5
Total comprehensive income for the period	**40.5**	**37.0**	**26.4**	**77.4**	**63.1**	**128.6**

BALANCE SHEET

Amounts in USD million	Note	31 March 2018	30 June 2018	30 June 2017	31 December 2017
ASSETS					
Goodwill		9.8	9.8	9.8	9.8
Vessels and equipment	7	1 290.4	1 258.5	1 361.1	1 310.8
Investments in associates		194.2	197.1	185.8	188.7
Finance lease receivables and related assets	8	817.1	844.0	735.0	719.8
Investments in AMSC Bonds		49.1	-	50.8	49.0
Restricted cash deposits		0.1	2.3	2.3	1.5
Other interest-bearing long-term receivables		2.0	1.9	1.6	2.0
Fair value of derivatives	6	4.5	0.3	-	-
Shares in Solstad Farstad	6	6.1	7.3	10.1	6.5
Deferred tax assets		0.0	-	13.2	2.8
Total non-current assets		**2 373.4**	**2 321.3**	**2 369.7**	**2 290.8**
Trade receivables and other interest-free receivables		41.5	36.6	27.0	53.5
Cash and cash equivalents		124.4	266.0	126.8	98.7
Total current assets		**165.9**	**302.6**	**153.8**	**152.2**
Total assets		**2 539.3**	**2 623.9**	**2 523.5**	**2 443.1**
EQUITY AND LIABILITIES					
Share capital		253.7	253.7	239.6	239.6
Treasury shares		(0.1)	(0.0)	(0.1)	(0.0)
Other paid-in capital		478.0	448.1	407.1	351.4
Total paid-in capital	**11**	**731.6**	**701.7**	**646.6**	**591.0**
Retained earnings and translation reserves		197.1	233.3	165.5	230.2
Total equity attributable to equity holders of the parent		**928.7**	**935.0**	**812.2**	**821.1**
Non controlling interests		10.9	11.2	11.6	10.4
Total equity		**939.6**	**946.3**	**823.8**	**831.5**
Interest-bearing debt	10	1 307.3	1 416.2	1 456.3	1 401.4
Deferred tax liabilities		-	1.2	0.0	-
Pension liabilities		0.0	0.0	0.4	0.4
Mobilization fee and advances		27.6	22.0	40.6	30.6
Fair value of derivatives	6	2.1	6.4	20.0	11.8
Non-current provisions (field abandonment)		30.3	30.0	29.3	30.1
Total non-current liabilities		**1 367.3**	**1 475.8**	**1 546.7**	**1 474.2**
Interest-bearing short term debt	10	206.5	175.1	98.6	109.0
Fair value of derivatives	6	3.6	8.8	39.1	7.5
Trade and other payables		22.3	17.9	15.4	20.8
Total current liabilities		**232.4**	**201.8**	**153.1**	**137.3**
Total liabilities		**1 599.7**	**1 677.6**	**1 699.7**	**1 611.5**
Total equity and liabilities		**2 539.3**	**2 623.9**	**2 523.5**	**2 443.1**

CHANGE IN EQUITY

Amounts in USD million	Share Capital	Share Premium	Treasury Shares reserve	Fair value reserve	Translation reserve	Retained earnings	Share-holders equity	Non controlling interests	Total equity
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 30th June 2017	**239.6**	**407.3**	**(0.3)**	**(2.0)**	**(39.5)**	**207.0**	**812.2**	**11.6**	**823.8**
Balance at 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	-	-	-	-	-	67.6	67.6	0.8	68.4
Other comprehensive income	-	-	-	1.5	(0.1)	7.5	9.0	-	9.0
Total comprehensive income	**-**	**-**	**-**	**1.5**	**(0.1)**	**75.2**	**76.6**	**0.8**	**77.4**
Dividend	-	(30.1)	-	-	-	(28.3)	(58.3)	-	(58.3)
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	-	-	(0.9)	-	-	-	(0.9)	-	(0.9)
Treasury shares sold	-	(0.1)	0.8	-	-	-	0.7	-	0.7
Transfer from retained earnings to share premium	-	45.2	-	-	-	(45.2)	-	-	-
Balance at 30th June 2018	**253.7**	**448.4**	**(0.3)**	**(5.6)**	**(38.7)**	**277.7**	**935.0**	**11.2**	**946.3**

CASH FLOW STATEMENT

Amounts in USD million	1st Quarter 2018	2nd Quarter 2018	2nd Quarter 2017	1st Half 2018	1st Half 2017	Jan - Dec 2017
Profit before tax	35.7	36.9	34.4	72.6	74.9	149.7
Depreciation, amortization and impairment charges	26.7	26.7	24.8	53.4	43.6	96.9
Income from investments in associates	(6.1)	(6.1)	(6.5)	(12.3)	(11.8)	(24.1)
Dividend received from investments in associates	5.8	5.6	4.1	11.4	9.7	20.5
Net interest expenses (+)	17.0	18.9	15.1	35.9	28.4	61.6
Interest paid	(16.8)	(17.6)	(15.4)	(34.4)	(31.0)	(63.9)
Interest received	2.7	1.5	0.2	4.2	3.8	6.6
Unrealized foreign exchange gain/loss	17.1	(13.5)	6.4	3.5	7.6	11.7
Change in fair value of financial instruments	(18.1)	13.6	(6.2)	(4.4)	(8.3)	(41.8)
Other changes in operating activities	9.0	(7.1)	(9.6)	1.8	(12.7)	(47.0)
Net cash flow from operating activities	**73.0**	**58.7**	**47.2**	**131.7**	**104.1**	**170.3**
Acquisition of vessels and equipment	(0.0)	(0.6)	(154.6)	(0.6)	(163.2)	(163.5)
Acquisition of vessels accounted for as finance lease receivables	(74.0)	(36.4)	(47.0)	(110.4)	(47.0)	(47.0)
Repayment on finance lease receivables	8.9	10.8	8.8	19.8	16.6	34.3
Investments in other non-current assets	(33.0)	(0.6)	(0.4)	(33.6)	(0.5)	(0.5)
Investments in associated companies	-	-	-	-	(57.7)	(57.7)
Net change in long-term interest-bearing receivables	1.4	47.3	21.2	48.7	174.3	175.2
Net cash flow from investing activities	**(96.6)**	**20.5**	**(172.1)**	**(76.1)**	**(77.4)**	**(59.3)**
Proceeds from issuance of long-term interest-bearing debt	-	153.2	224.1	153.2	224.1	224.9
Repayment of long-term interest-bearing debt	(18.0)	(58.2)	(41.1)	(76.1)	(235.1)	(290.8)
Dividend paid	(28.0)	(30.3)	(27.4)	(58.3)	(54.5)	(110.2)
Dividend paid to non-controlling interests	-	-	-	-	-	(2.1)
Net proceeds from issuance of new shares	95.5	(0.0)	-	95.5	-	-
Treasury shares sold	(0.3)	0.0	-	(0.2)	-	0.1
Net cash flow from financing activities	**49.3**	**64.7**	**155.5**	**114.0**	**(65.6)**	**(178.1)**
Net change in cash and cash equivalents	**25.7**	**143.9**	**30.7**	**169.6**	**(38.9)**	**(67.1)**
Exchange rate differences	0.1	(2.3)	(0.0)	(2.3)	0.1	0.3
Cash and cash equivalents at beginning of the period	98.7	124.4	96.1	98.7	165.5	165.5
Cash and cash equivalents at the end of the period	**124.4**	**266.0**	**126.8**	**266.0**	**126.8**	**98.7**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE SECOND QUARTER AND FIRST HALF 2018

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 30th June 2018 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31st December 2017 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 31st December 2017.

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 12th July 2018.

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

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

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

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

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

A number of standards, amendments to standards and interpretations are not effective for the period ended 30th June 2018 and have not been applied in preparing these consolidated financial statements;

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

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The Group has as of 1st January 2018, implemented the new standards and amendments to standards specified in Note 2. Other accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2017.

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 31st December 2017.

NOTE 5 OPERATING SEGMENTS

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

EBITDA	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
Amounts in USD million	2018	2018	2017	2018	2017	2017
FPSO	28.6	29.7	28.4	58.3	57.3	115.9
Other Oil Service	20.0	22.9	18.7	42.9	35.7	79.1
Car Carriers	10.0	10.3	9.7	20.3	19.6	39.8
Container vessels	6.1	6.1	6.5	12.3	11.8	24.0
Tankers	10.1	10.6	9.1	20.7	18.1	36.4
Other Shipping	5.3	7.2	3.0	12.5	5.6	17.7
Other companies and eliminations	(2.2)	(2.5)	(1.2)	(4.8)	(2.6)	(6.3)
EBITDA	**77.8**	**84.3**	**74.3**	**162.1**	**145.5**	**306.5**

Net profit after tax	1st Quarter	2nd Quarter	2nd Quarter	1st Half	1st Half	Jan - Dec
Amounts in USD million	2018	2018	2017	2018	2017	2017
FPSO	7.2	10.5	8.1	17.8	16.8	36.0
Other Oil Service	7.1	11.2	8.2	18.2	14.8	30.2
Car Carriers	5.3	4.8	7.4	10.1	8.7	18.5
Container vessels	6.1	6.1	6.4	12.3	10.9	21.1
Tankers	6.1	6.1	7.2	12.3	11.6	23.9
Other Shipping	4.1	4.2	(3.7)	8.3	2.1	8.5
Other companies and eliminations	(2.6)	(7.9)	(3.1)	(10.6)	2.6	(8.6)
Net profit after tax	**33.3**	**35.1**	**30.6**	**68.4**	**67.4**	**129.7**

NOTE 6 CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Amounts in USD million	Change Q2 2018	Change 1st Half 2018	Fair value as of 30th June 2018
Cross Currency Interest Rate Swaps	(14.8)	(1.4)	(12.7)
Forward exchange contracts	(0.2)	0.6	0.9
Interest rate swaps	1.4	5.2	(3.0)
Total	**(13.6)**	**4.4**	**(14.9)**

Amounts in USD million	Change Q2 2017	Change 1st Half 2017	Fair value as of 30th June 2017
Cross Currency Interest Rate Swaps	6.9	8.1	(46.6)
Interest rate swaps	(0.7)	0.3	(12.5)
Total	**6.2**	**8.3**	**(59.1)**

NOTE 7 VESSELS AND EQUIPMENT

Material changes in vessels and equipment during 2018:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other/elim	Total
Balance at 1 January	**288.1**	**555.6**	**298.3**	**159.0**	**9.7**	**1 310.8**
Acquisitions	0.0	0.6	-	-	0.0	0.6
Advances	-	-	-	-	-	-
Disposals	-	(0.3)	-	-	-	(0.3)
Depreciation	(28.4)	(14.9)	(6.8)	(2.7)	(0.6)	(53.4)
Impairment	-	-	-	-	-	-
Effect of movements in foreign exchange	-	0.8	-	-	-	0.8
Balance at 30th June 2018	**259.7**	**541.9**	**291.5**	**156.3**	**9.1**	**1 258.5**

Vessels defined as finance leases are not included in Note 7 but included in Note 8 Finance lease receivables and related assets.

NOTE 8 FINANCE LEASE RECEIVABLES AND RELATED ASSETS

Finance lease receivables and related assets of USD 844.0 million at 30th June 2018 are related to the vessel Aker Wayfarer, ten chemical tankers, four product tankers, one Suezmax tanker, seven dry bulk vessels and four VLCC crude tankers under construction.

The four VLCCs on long-term charter to Okeanis ECO Tankers Corp. are accounted for as finance leases, and are included in the segment Tankers. Pre-delivery advances related to these vessels are presented with the finance lease receivables. The pre-delivery advances are at this point not included in the net investment used for calculating the finance lease interest, but will be included from the time of vessel delivery.

The two dry-bulk vessels on long-term charter to LDA are accounted for as finance leases and are included in the segment other shipping. As of 30th June 2018 both vessels were delivered.

Further, the five handysize dry bulk vessels with long-term charter to Interlink Maritime are also accounted for as finance leases and are included in the segment Other Shipping. As of 30th June 2018, all of the five vessels were delivered.

The three Suezmax vessels scheduled for delivery in Q3-Q4 2018 and the four container vessels scheduled for delivery in July are not yet included in the table below, as no payments have been made as of Q2 2018.

The net finance lease receivables as of 30th June 2018 was as follows:

	Other Oil Service			**Tankers**			**Other shipping**			**Total**
Amounts in USD million	**Gross Investment in finance lease receivables**	**Effect of dis-counting**	**Present value of minimum lease payments**	**Gross Investment in finance lease receivables**	**Effect of dis-counting**	**Present value of minimum lease payments**	**Gross Investment in finance lease receivables**	**Effect of dis-counting**	**Present value of minimum lease payments**	**Present value of minimum lease payments**
Less than one year	39.6		36.8	57.7		55.7	12.6		12.2	104.6
Between one and five years	130.7		88.6	223.5		184.0	49.0		40.2	312.8
More than five years	181.3		62.3	512.8		274.4	98.3		56.2	392.9
Total finance lease receivables	**351.7**	**(164.0)**	**187.7**	**793.9**	**(279.8)**	**514.1**	**159.9**	**(51.3)**	**108.6**	**810.4**
Pre-delivery instalments	-		-	33.6		33.6	-		-	33.6
Total finance lease receivables and related assets	**351.7**	**(164.0)**	**187.7**	**827.5**	**(279.8)**	**547.7**	**159.9**	**(51.3)**	**108.6**	**844.0**
Unguaranteed residual values included above	57.7		16.0	148.7		65.8	42.2		21.7	103.5

NOTE 9 CONTRACTUAL OBLIGATIONS

Ocean Yield had as per 30th June 2018 the following contractual obligations related to the purchase of vessels.

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Total
Already paid	-	-	-	-	33.0	-	33.0
2018	-	-	-	120.0	212.0	-	332.0
2019	-	-	-	-	181.5	-	181.5
Total contractual obligations	**-**	**-**	**-**	**120.0**	**426.5**	**-**	**546.5**
Total remaining payments	-	-	-	120.0	393.5	-	513.5

The obligations above related to the segment Container vessels are related to four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to companies owned and guaranteed by CMB NV. The vessels were delivered to the Company early in July 2018 at a total purchase price of approximately USD 120 million.

The obligations above related to the segment Tankers are related to three suezmax tankers and four VLCC crude tankers under construction.

The three suezmax tankers are scheduled for delivery in July, August and October 2018, and will from delivery be chartered to Nordic American Tankers Limited for a period of ten years. The net purchase price is USD 43.2 million per vessel.

The four VLCC crude tankers are scheduled for delivery in Q2-Q3 2019, and will from delivery be chartered to companies owned and guaranteed by Okeanis ECO Tankers Corp. for a period of 15 years. The net purchase price is USD 74.25 million per vessel. During Q2 2018, Okeanis ECO Tankers Corp. completed a private placement and listing on the Oslo Stock Exchange Merkur Market. In connection with the listing, Ocean Yield approved a change of the bareboat guarantor from Okeanis Marine Holdings Ltd to Okeanis Eco Tankers Corp.

NOTE 10 INTEREST-BEARING DEBT

Material changes in interest-bearing debt (short- and long-term) during 2018:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Tankers	Other Shipping	Other/elim	Total
Balance at 1 January	20.0	476.3	200.8	395.0	127.1	291.2	1 510.4
New loans	-	-	-	-	64.1	92.3	156.4
Paid loan fees	-	-	-	(1.2)	(0.9)	(1.2)	(3.3)
Instalments	(20.0)	(17.3)	(8.5)	(14.9)	(3.9)	(11.5)	(76.1)
Effect of movements in foreign exchange and loan fees amortized	-	1.1	0.3	0.7	0.1	1.7	3.9
Total interest-bearing liabilities 30th June 2018	**-**	**460.1**	**192.6**	**379.6**	**186.5**	**372.4**	**1 591.3**
Long-term	-	425.6	175.7	349.8	173.7	291.4	1 416.2
1st year instalments	-	34.5	17.0	29.8	12.9	81.0	175.1
Total interest-bearing liabilities 30th June 2018	**-**	**460.1**	**192.6**	**379.6**	**186.5**	**372.4**	**1 591.3**
Undrawn facilities	-	40.8	-	-	-	-	40.8

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

During the second quarter, Ocean Yield has entered into several new loan agreements for the long-term financing of recently announced investments. In total, loan facilities of approximately USD 330 million has been signed in the second quarter, with a variety of banks. As of quarter end approximately USD 265 million of this is undrawn. This is related to two dry-bulk vessels, three Suezmax vessels and two VLCC crude tankers. The loan facilities have maturities between five and seven years and are priced at attractive terms.

NOTE 11 SHARE CAPITAL AND DIVIDENDS

As of 30th June 2018 the Company had a share capital of NOK 1,593,514,320 divided into 159,351,432 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 37,177.

In Q2 2018 USD 30.3 million was paid in dividends, following the announcement of the Q1 2018 results.

NOTE 12 EVENTS AFTER THE BALANCE SHEET DATE

- On 5th July 2018, Ocean Yield took delivery of the four 3,800 TEU containerships with 12 year bareboat charters to companies owned and guaranteed by CMB NV.
- On 10th July 2018, the first out of three Suezmax vessels on long-term charter to Nordic American Tankers Ltd. was successfully delivered from the yard. In connection with delivery, a loan facility of USD 39 million was drawn for the long-term financing of the vessel.
- On 6th July 2018, the remaining outstanding amount of NOK 661.0 million under the unsecured bond issue OCY02 with maturity in March 2019, was fully repaid.

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.

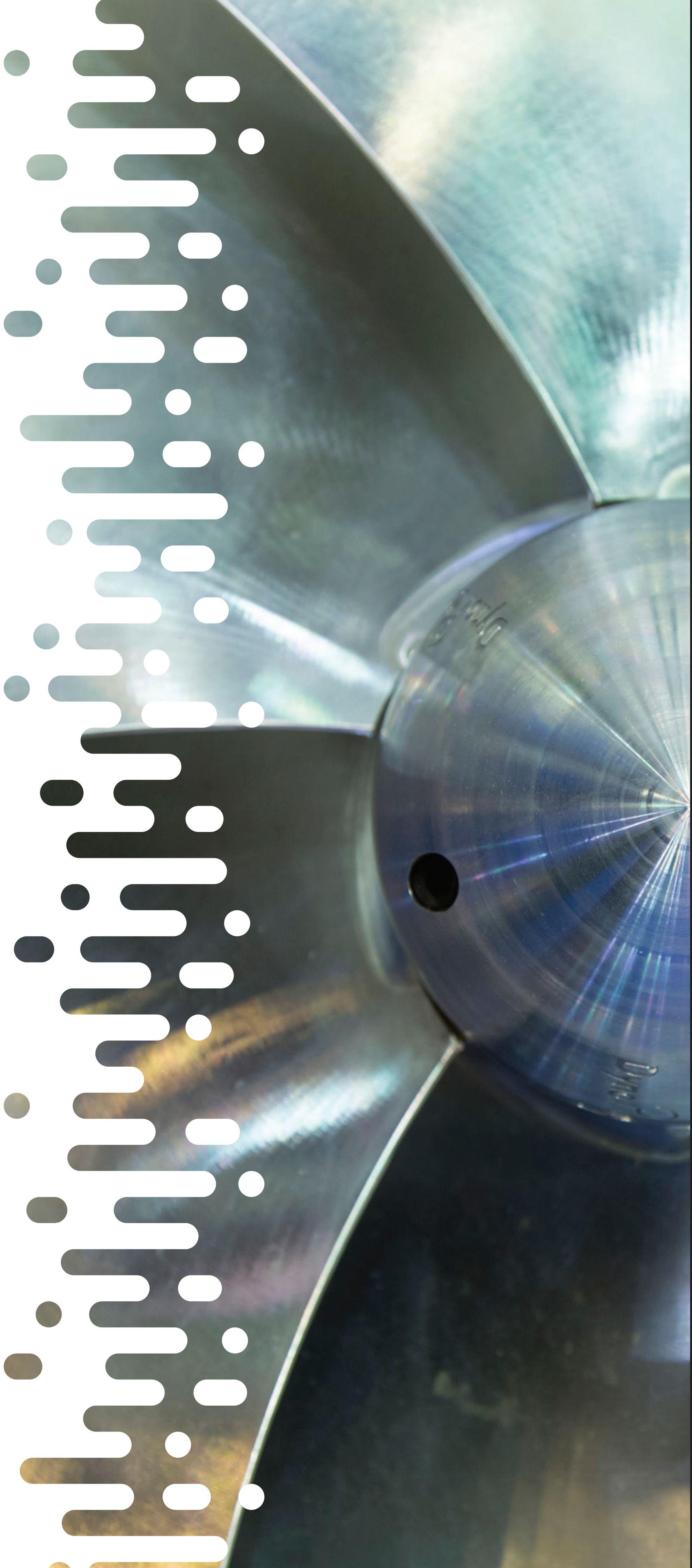
- EBIT: Earnings before financial items and income taxes.

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

Amounts in USD million	1st Quarter 2018	2nd Quarter 2018	2nd Quarter 2017	1st Half 2018	1st Half 2017	Jan - Dec 2017
EBITDA	77.8	84.3	74.3	162.1	145.5	306.5
Repayment on finance lease receivables	8.9	10.8	8.8	19.8	16.6	34.3
EBITDA adjusted for finance lease effects	**86.8**	**95.1**	**83.1**	**181.9**	**162.2**	**340.7**
Net profit after tax	33.3	35.1	30.6	68.4	67.4	129.7
Gain AMSC	-	-	-	-	(5.7)	(5.7)
Foreign exchange gains/losses	16.2	(12.9)	5.4	3.3	6.0	37.4
Change in fair value of financial instruments	(18.1)	13.6	(6.2)	(4.4)	(8.3)	(41.8)
Change in deferred tax	2.4	1.4	3.7	3.8	7.4	18.0
Other non-recurring items	-	0.6	-	0.6	0.1	0.1
Adjusted Net profit	**33.9**	**37.9**	**33.5**	**71.7**	**67.0**	**137.7**



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