OCEAN YIELD ASA

First Quarter 2016 Report

Contents

FIRST QUARTER 2016 REPORT

Oslo, 9th May 2016, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the first quarter ending 31st March 2016.

HIGHLIGHTS

- The Board of Directors has declared a dividend of USD 0.1675 per share for Q1 2016. This is an increase of 0.50 cents per share compared with the previous quarter. On an annualized basis, the dividend equals USD 0.67 per share. Based on the closing share price as of 9th May 2016, this is a dividend yield of 10.3% p.a. This is the 10th consecutive dividend increase since the IPO of Ocean Yield in July 2013.

- EBITDA was USD 58.7 million for the first quarter 2016 compared with USD 55.2 million for the first quarter of 2015. Adjusted for finance lease effects, the EBITDA was USD 63.6 million in Q1 2016 compared to USD 57.3 million in Q1 2015.

- Net profit after tax was USD 18.6 million for the first quarter 2016 compared with USD 28.1 million for the first quarter of 2015. The net profit after tax was negatively affected by a net amount of USD 7.2 million from mark-to-market of derivatives and currency fluctuations. Further, the net profit includes a tax expense of USD 3.1 million which is related to a change in deferred tax. These amounts had no cash effect for the Company in the quarter.

- Net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax, was USD 29.0 million compared with USD 26.8 million in Q1 2015.

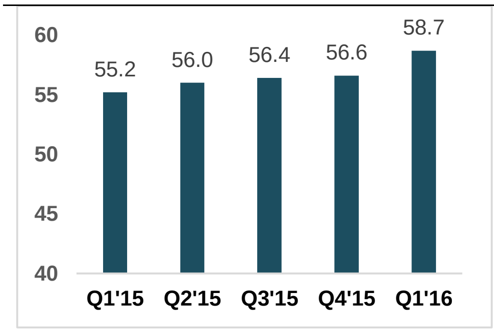
CONSOLIDATED KEY FIGURES

Selected key financial figures for the first quarter 2016 compared with the first quarter of 2015 and the full year 2015 compared with the full year 2014:

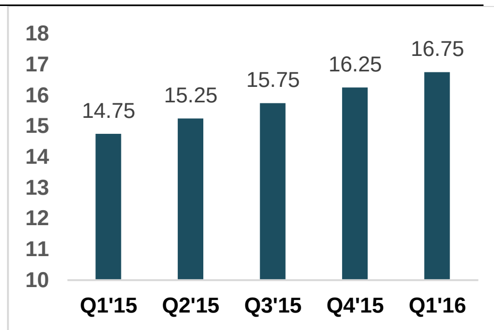
Consolidated key figures USD million	**Q1 2016**	**Q1 2015**	**Jan-Dec 2015**	**Jan-Dec 2014**
Revenues	66.1	62.6	256.7	249.3
EBITDA	58.7	55.2	224.2	216.7
Operating profit (EBIT)	34.4	31.0	98.9	116.4
Net profit after tax	18.6	28.1	105.0	100.8
Adjusted net profit *	29.0	26.8	108.5	97.5
Cash & cash equivalents	96.6	72.7	117.7	103.1
Equity ratio	32.9%	39.5%	35.0%	39.7%

**Refer to note 16*

EBITDA (USD million)



Dividend per share (USD cents)



MAIN EVENTS DURING THE FIRST QUARTER & SUBSEQUENT TO QUARTER END

- The Board of Directors has declared a quarterly dividend payment of USD 0.1675 per share for Q1 2016. The dividend of USD 0.1675 per share is on an annualized basis equal to USD 0.67 per share. The dividend will be paid on or about 26th May 2016 to shareholders as of 13th May 2016 registered with the Norwegian Central Securities Depository (the "VPS") as of 19th May 2016 (the "Record Date"). The ex-dividend date will be 18th May 2016.

- In February and March, Ocean Yield took delivery of the first two LR2 product tankers, the *Navig8 Symphony* and the *Navig8 Sanctity* from Sungdong Shipyard, Korea. After being delivered from the shipyard, the vessels commenced 13 years "hell and high water" bareboat charters to Navig8 Product Tankers Inc. These were the first two vessels delivered in a series of four product tankers that will be chartered to Navig8 Product Tankers Inc.

- In March, Ocean Yield took delivery of the Pure Car Truck Carrier (PCTC) newbuilding, the *Höegh Tracer*. The vessel was built at Xiamen Shipbuilding Industry Co. Ltd in China and has a car capacity of 8,500. After being delivered from the shipyard, the vessel commenced a 12 year "hell & high water" bareboat charter to Höegh Autoliners.

- Also in March, Ezra Holdings Ltd., who is chartering the vessel *Lewek Connector* through its subsidiary, EMAS AMC AS, announced the establishment of a 50/50 joint venture between EMAS AMC and Chiyoda Corporation, a world leading Front End Engineering Design (FEED) and Engineering Procurement and Construction (EPC) company, to form EMAS CHIYODA Subsea. The newly formed joint venture is now the owner of the charterer of the vessel *Lewek Connector,* EMAS AMC AS.

- In April, Ocean Yield ASA received a commitment letter from a group of banks for a USD 202.5 million credit facility for the financing of the three Liquefied Ethylene Gas carriers on long term charter to the Hartmann Group, with SABIC Petrochemicals BV being the sub-charterer of the vessels for 10 years. The credit facility will finance $67.5 million out of the contract price of $81 million per vessel, with a tenor of 10-years from delivery, and will be repaid on an annuity basis down to a balloon of USD 22.5 million per vessel at maturity. The margin is on competitive terms and in line with previous transactions completed by Ocean Yield. The credit facility is arranged by ABN AMRO Bank N.V., Credit Agricole Corporate & Investment Bank, Societé Generale and Sumitomo Mitsui Banking Corporation Europe Limited, all as Bookrunners and Mandated Lead Arrangers. The credit facility is subject to agreement on final documentation, which is expected to be finalised during the second quarter.

- In April, Ocean Yield took delivery of the 49,000 dwt IMO II chemical tanker *Navig8 Turquoise* from STX Korea. After being delivered from the shipyard, the vessel commenced a 15 years "hell and high water" bareboat charter to Navig8 Chemical Tankers Inc. This was the fifth vessel delivered in a series of total eight chemical tankers that will be chartered to Navig8 Chemical Tankers Inc.

- Also in April, Ocean Yield agreed with one of the banks financing the FPSO *Dhirubhai-1* to increase the loan facility with another USD 17.3 million for general corporate purposes. The loan facility is currently undrawn.

- The FPSO *Dhirubhai-1*, which is on long-term charter to Reliance Industries Ltd., showed steady performance during the quarter, with an operational utilisation of 100.0%. In April, the Indian Government announced a new pricing regime for undeveloped deepwater gas discoveries in India, in order to stimulate for increased investments in the gas sector. Compared to the current gas price of about USD 3.5 per MMBTU (net calorific value), new gas fields will be priced with a different formula, where new developments will obtain a price of about USD 6.5 per MMBTU (net calorific value), based on current LNG, fuel oil and naphtha prices. This is considered positive for long-term employment of the FPSO beyond expiry of the current contract in September 2018.

FIRST QUARTER FINANCIAL REVIEW

- **Total revenues** for Q1 2016 were USD 66.1 million compared with USD 62.6 million for Q1 2015. Of the Total revenues, USD 58.8 million is classified as Operating revenue and USD 7.3 million classified as Finance lease revenue. 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 according to IFRS, as only the interest income under the lease is recognized in the Profit & Loss. Revenues were positively affected by the first two product tankers delivered during the first quarter, being the *Navig8 Symphony*, the *Navig8 Sanctity* and the car carrier *Höegh Tracer.* The FPSO *Dhirubhai-1* showed steady performance with operational utilisation of 100.0%.

- **Operating expenses:** Vessel operating expenses, which are solely related to the operation of the FPSO *Dhirubhai-1*, were USD 4.8 million for Q1 2016, compared with USD 4.1 million for Q1 2015. The amount for Q1 2016 includes costs related to certain maintenance and inspection projects of USD 1.1 million in the quarter. Wages and other personnel expenses were USD 1.6 million for Q1 2016, compared with USD 2.1 million for Q1 2015. The reduction in Q1 2016 compared with Q1 2015 is mainly related to reduced provisions for the share incentive plan for employees in Ocean Yield. Other operating expenses were USD 1.0 million for Q1 2016 compared with USD 1.3 million for Q1 2015.

- **EBITDA** was USD 58.7 million in Q1 2016 compared with USD 55.2 million in Q1 2015. Adjusted for finance lease effects, the EBITDA was USD 63.6 million in Q1 2016 as compared with USD 57.3 million in Q1 2015.

- **Depreciation and amortization** was USD 24.3 million in Q1 2016, compared with USD 24.2 million in Q1 2015. As both the chemical tankers and the product tankers delivered during the past quarters are accounted for as finance leases, these deliveries do not impact the depreciation.

- **Financial income** was USD 4.6 million in Q1 2016 compared with USD 4.4 million in Q1 2015. This amount relates mainly to interest income from the investment in bonds issued by American Shipping Company ASA ("AMSC"). Ocean Yield holds bonds with a book value of USD 193.8 million at the end of the quarter. This is 96.6% of par value, which was USD 200.6 million.

- **Financial expenses** were USD 10.0 million in Q1 2016, as compared with USD 9.1 million in Q1 2015. Foreign exchange losses were USD 13.2 million in Q1 2016, compared with a gain of USD 14.8 million in Q1 2015. 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. This is balanced against a positive mark-to-market amount on the cross currency interest rate swaps related to the Company's unsecured bond loans of USD 13.9 million, giving a net positive effect of USD 0.7 million. The Company's interest rate hedges entered into in connection with the financing of the Company's vessels were negative with USD 7.9 million. Hence, mark-to-market of derivatives were in total positive USD 6.0 million in Q1 2016, as compared with negative USD 12.9 million in Q1 2015. The foreign exchange losses and mark-to-market of derivatives had no significant cash impact.

- **Deferred tax expense** was USD 3.1 million in Q1 2016, compared with USD 0.0 million in Q1 2015. The amount in Q1 2016 relates to changes in deferred tax during the quarter, which are offset against deferred tax assets on the balance sheet. Hence, tax payable in the quarter is zero. As most of the Company's vessels are within the Norwegian tonnage tax system, taxable profits are mainly derived from the FPSO and the bonds held in American Shipping Company. The Company will not be subject to payable tax as long as the Company has tax losses carried forward available to offset taxable income.

- **The Net profit after tax** for Q1 2016 was USD 18.6 million compared with USD 28.1 million for Q1 2015. Adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and change in deferred tax, the net profit after tax was USD 29.0 million as compared with USD 26.8 million in Q1 2015.

- **Cash & cash equivalents** at the end of the fourth quarter were USD 96.6 million, compared with USD 117.7 million at the end of the fourth quarter 2015. Furthermore, the Company has committed bank facilities in place for its newbuilding vessels and USD 17.3 million for general corporate purposes, as further described in Note 13.

- **Book equity** was USD 708.2 million at the end of Q1 2016, compared with USD 708.8 million at the end of Q4 2015. The equity ratio was 32.9% compared with 35.0% in Q4 2015. Total assets were USD 2,153.6 million in Q1 2016, compared with USD 2,024.8 million in Q4 2015.

FLEET STATUS

The charter backlog at the end of the first quarter was USD 2.7 billion in revenues and USD 2.6 billion on an EBITDA* basis and the average remaining contract tenor (weighted by EBITDA) was 10.2 years.

Vessel	Client	Contract expiry	Remaining tenor (years)	EBITDA backlog USDm*
Chemical carriers (8 vessels)	Navig8 Chemical Tankers Inc.**	2030/2031	14.6	413
LR2 product tankers (4 vessels)	Navig8 Product Tankers Inc.**	2029	13.0	257
Aker Wayfarer	AKOFS Offshore AS / Akastor ASA	Sep ‘27	11.5	393
Car Carriers (6 vessels)	Höegh Autoliners Holding AS	Jun ’22/May ’28	10.4	386
Dhirubhai-1	Reliance Ind. Ltd	Sep ‘18	2.5	277
LEG Carriers (3 vessels)	Hartmann SPVs / SABIC Petrochemicals B.V.	2026/2027	10.0	315
Lewek Connector	EMAS AMC AS / EZRA Holdings Ltd	Oct ’22	6.5	250
SBM Installer	SBM Holding Inc.	Dec ’26	10.7	168
Far Senator / Far Statesman	Farstad Supply AS	Mar/Jun ‘25	9.1	147
Total				**2,606**
Number of vessels (including 9 newbuildings)				27

* *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, currency effects and the forward USD LIBOR interest rates for floating rate lease agreements.*

** *Navig8 Chemical Tankers Inc. and Navig8 Product Tankers Inc. are companies with separate shareholder structures.*

RISKS

Ocean Yield is exposed to a number of risks, including counterparty risk, financing risk, interest rate risk, currency risk, vessel construction risk (including risk for late delivery of vessels) and residual value risk. The Company is also exposed to operating risk on the FPSO *Dhirubhai-1*, and may be subject to demobilisation risk on the FPSO if the purchase option is not exercised. As all vessels are fixed on long-term charters, the challenging market conditions within the oil-service sector does not have a direct impact on Ocean Yield.

However, a continued situation with low activity in the oil-service sector may lead to certain counterparties being adversely affected, which again may lead to potential amendments to charter contracts.

For a more detailed description of risk factors, please refer to the annual report for 2015, which is available on www.oceanyield.no.

OUTLOOK

Ocean Yield has continued to expand the fleet with delivery of another three vessels during the first quarter and one in April, all fixed on long term bareboat charters. These vessels contribute to further diversification of the fleet. The company still has another 9 vessels for delivery during the next 12 months which all have long term charters.

Since the previous quarterly report there has been positive news from India, in relation to increased gas prices for new, undeveloped deepwater gas discoveries. It is expected that the higher gas price for undeveloped discoveries will trigger increased investments, which is considered positive for long term employment of the FPSO beyond expiry of the current contract.

At the end of Q1 2016, Ocean Yield's has a strong financial position, an EBITDA backlog of USD 2.6 billion and all vessels on long-term charter. The Company is therefore well positioned to continue to pay attractive dividends to its shareholders.

9th May 2016
Ocean Yield ASA

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Chairman	*Director*	*Director*
Anne Christin Døvigen	**Jens Ismar**	**Lars Solbakken**
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Ocean Yield ASA Group condensed consolidated financial statement for the first quarter 2016

INCOME STATEMENT

Amounts in USD million	Note	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
Operating revenues		58.6	58.8	57.7	233.1
Finance lease revenue		7.0	7.3	4.9	23.6
Total revenues	**5**	**65.6**	**66.1**	**62.6**	**256.7**
Vessel operating expenses	6	(3.9)	(4.8)	(4.1)	(15.5)
Wages and other personnel expenses	7	(4.0)	(1.6)	(2.1)	(12.6)
Other operating expenses		(1.2)	(1.0)	(1.3)	(4.5)
EBITDA	5	**56.6**	**58.7**	**55.2**	**224.2**
Depreciation and amortization	11	(24.1)	(24.3)	(24.2)	(96.7)
Impairment charges and other non-recurring items		(28.6)	-	-	(28.6)
Operating profit		**3.9**	**34.4**	**31.0**	**98.9**
Financial income	8	4.7	4.6	4.4	18.2
Financial expenses		(10.5)	(10.0)	(9.1)	(37.6)
Foreign exchange gains/losses		7.4	(13.2)	14.8	41.5
Mark to market of derivatives	9	(1.7)	6.0	(12.9)	(40.5)
Net financial items		**(0.1)**	**(12.8)**	**(2.8)**	**(18.4)**
Net profit before tax		**3.7**	**21.7**	**28.2**	**80.4**
Tax payable		(0.4)	(0.0)	(0.0)	(0.4)
Change in deferred tax		25.0	(3.1)	(0.0)	25.0
Net profit after tax		**28.3**	**18.6**	**28.1**	**105.0**
Attributable to:					
Equity holders of the parent		27.7	18.7	28.2	104.0
Non-controlling interests		0.6	(0.1)	(0.0)	1.0
Net profit after tax		**28.3**	**18.6**	**28.1**	**105.0**
Weighted avg. number of shares outstanding		134.5	134.6	134.6	134.5
Basic and diluted earnings per share (USD)		**0.21**	**0.14**	**0.21**	**0.77**

TOTAL COMPREHENSIVE INCOME

Amounts in USD million	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
Net profit after tax for the period	28.3	18.6	28.1	105.0
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that will not be reclassified to the income statement:				
Re-measurements of defined benefit liability (asset)	0.1	-	-	0.1
Total for items that will not be reclassified to the income statement	**0.1**	-	**-**	**0.1**
Items that are or may be reclassified to the income statement:				
Currency translation differences	(1.5)	2.7	(6.4)	(11.1)
Total for items that are or may be reclassified to the income statement	**(1.5)**	**2.7**	**(6.4)**	**(11.1)**
Total change in other comprehensive income, net of income tax	**(1.3)**	**2.7**	**(6.4)**	**(11.0)**
Total comprehensive income for the period	**27.0**	**21.3**	**21.7**	**94.0**
Attributable to:				
Equity holders of the parent	26.4	21.4	21.7	93.0
Non-controlling interests	0.6	(0.1)	(0.0)	1.0
Total comprehensive income for the period	**27.0**	**21.3**	**21.7**	**94.0**

BALANCE SHEET

Amounts in USD million	Note	31 December 2015	31 March 2016	31 March 2015
ASSETS				
Vessels and equipment	11	1 239.5	1 293.1	1 271.8
Intangible assets		9.8	9.8	38.3
Deferred tax assets		36.4	33.3	11.4
Restricted cash deposits		24.6	25.7	20.1
Finance lease receivables and related assets	12	388.1	479.0	155.1
Investments in AMSC bonds	8	192.6	193.8	183.8
Other interest-bearing long term receivables		0.6	0.6	0.7
Total non-current assets		**1 891.6**	**2 035.4**	**1 681.1**
Trade receivables and other interest-free receivables		15.5	21.6	16.3
Cash and cash equivalents		117.7	96.6	72.7
Total current assets		**133.2**	**118.2**	**89.0**
Total assets		**2 024.8**	**2 153.6**	**1 770.1**
EQUITY AND LIABILITIES				
Share capital		222.8	222.8	222.8
Treasury shares		(0.1)	(0.1)	(0.0)
Other paid-in capital		455.2	455.2	455.2
Total paid-in capital	17	**678.0**	**678.0**	**678.1**
Retained earnings and translation reserves		19.2	18.6	9.7
Total equity attributable to equity holders of the parent		**697.2**	**696.7**	**687.8**
Non-controlling interests		11.6	11.5	10.5
Total equity		**708.8**	**708.2**	**698.3**
Interest-bearing debt	14	974.8	1 117.8	824.5
Deferred tax liabilities		-	(0.0)	(0.0)
Pension liabilities		0.3	0.2	0.4
Mobilization fee and advances		31.2	36.4	38.7
Mark to market of derivatives		68.7	62.6	43.6
Non-current provisions – decommissioning liabilities	15	26.6	27.1	24.9
Other interest-free long term liabilities		2.2	2.6	1.7
Total non-current liabilities		**1 103.9**	**1 246.6**	**933.9**
Interest-bearing short term debt	14	184.1	163.0	124.5
Mark to market of derivatives		5.6	5.8	3.0
Trade and other payables		22.5	30.1	10.4
Total current liabilities		**212.1**	**198.8**	**137.9**
Total liabilities		**1 316.0**	**1 445.4**	**1 071.8**
Total equity and liabilities		**2 024.8**	**2 153.6**	**1 770.1**

CHANGE IN EQUITY

Amounts in USD million	Share capital	Other paid-in capital	Treasury Shares reserve	Trans-lation reserve	Fair value reserve	Retained earnings	Share-holders equity	Non controll-ing interests	Total equity
Balance at 31 December 2014	**222.3**	**453.8**	**(0.2)**	**(30.6)**	**-**	**62.8**	**708.1**	**10.6**	**718.7**
Correction of decommissioning obligation from previous years	-	-	-	-	-	(24.9)	(24.9)	-	(24.9)
Balance at 1 January 2015	**222.3**	**453.8**	**(0.2)**	**(30.6)**	-	**37.9**	**683.2**	**10.6**	**693.8**
Net profit after tax for the period	-	-	-	-	-	104.0	104.0	1.0	105.0
Other comprehensive income	-	-	-	(11.1)	-	0.1	(11.0)	-	(11.0)
Total comprehensive income	**-**	**-**	**-**	**(11.1)**	**-**	**104.1**	**93.0**	**1.0**	**94.0**
Issuance of ordinary shares	0.6	1.4	-	-	-	-	2.0	-	2.0
Dividend	-	-	-	-	-	(80.7)	(80.7)	-	(80.7)
Treasury shares acquired	-	-	(1.1)	-	-	-	(1.1)	-	(1.1)
Treasury shares sold	-	-	1.0	-	-	(0.1)	0.9	-	0.9
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	-	-	-	-	-	18.7	18.7	(0.1)	18.6
Other comprehensive income	-	-	-	2.7	-	-	2.7	-	2.7
Total comprehensive income	**-**	**-**	**-**	**2.7**	**-**	**18.7**	**21.4**	**(0.1)**	**21.3**
Dividend	-	-	-	-	-	(21.9)	(21.9)	-	(21.9)
Balance at 31 March 2016	**222.8**	**455.2**	**(0.3)**	**(39.0)**	**-**	**57.9**	**696.7**	**11.5**	**708.2**

CASH FLOW STATEMENT

Amounts in USD million	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
Profit before tax	3.7	21.7	28.2	80.4
Depreciation, amortization and impairment	52.7	24.3	24.2	125.3
Unrealized foreign exchange gain/loss	(7.3)	13.6	(15.0)	(42.7)
Mark to market of derivatives	1.7	(6.0)	12.9	40.5
Other changes in operating activities	5.1	(19.8)	(15.9)	(14.4)
Net cash flow from operating activities	**56.0**	**33.8**	**34.4**	**189.2**
Acquisition of vessels and equipment	(17.7)	(43.4)	(0.8)	(52.2)
Acquisition of vessels accounted for as finance lease	-	(54.4)	-	(130.5)
Repayment on finance lease receivables	3.2	4.9	2.1	10.8
Net cash flow from / (investments in) other non-current assets	(36.7)	(39.8)	(0.2)	(113.6)
Net change in long-term interest-bearing receivables	(1.0)	(1.1)	(0.2)	(4.7)
Net cash flow from investing activities	**(52.3)**	**(133.8)**	**0.9**	**(290.1)**
Proceeds from issuance of long-term interest-bearing debt	66.6	144.3	17.3	513.1
Repayment of long-term interest-bearing debt	(34.5)	(43.7)	(38.9)	(291.5)
Dividends paid	(21.2)	(21.9)	(19.2)	(80.7)
Proceeds from issuance of new equity	0.0	-	2.0	2.0
Net change in treasury shares	0.3	-	-	(0.3)
Net cash flow from financing activities	**11.2**	**78.7**	**(38.8)**	**142.6**
Net change in cash and cash equivalents	**14.8**	**(21.4)**	**(3.5)**	**41.7**
Exchange rate differences	(0.1)	0.2	(0.1)	(0.3)
Cash and cash equivalents at the beginning of the period	103.1	117.7	76.4	76.4
Cash and cash equivalents at the end of the period	**117.7**	**96.6**	**72.7**	**117.7**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT FOR OCEAN YIELD ASA FOR THE FIRST QUARTER 2016

Note 1 Introduction – Ocean Yield ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the first quarter and three months ending 31 March 2016 comprise Ocean Yield ASA and its subsidiaries (together referred to as the "Group"). The financial statement for the first quarter and three months ending 31 March 2016 includes the financial statements of the parent company, Ocean Yield ASA and its subsidiaries.

The consolidated financial statements of the Group for the year ended 31 December 2015 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 2015.

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 9 May 2016.

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 2015.

Note 4 Estimates

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2015.

Note 5 Operating segments

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

Total revenues *Amounts in USD million*	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
FPSO	35.1	34.7	34.1	138.3
Other Oil Service	22.3	21.9	22.5	90.1
Gas Carriers	-	-	-	-
Car Carriers	5.9	6.7	6.0	24.2
Other Shipping	2.3	2.7	-	4.2
Total revenues	**65.6**	**66.1**	**62.6**	**256.7**

EBITDA *Amounts in USD million*	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
FPSO	29.6	28.8	28.5	117.1
Other Oil Service	22.3	21.9	22.2	89.8
Gas Carriers	-	-	(0.0)	(0.0)
Car Carriers	5.9	6.6	6.0	24.1
Other Shipping	2.3	2.7	-	4.2
Other companies and eliminations	(3.5)	(1.4)	(1.5)	(11.0)
EBITDA	**56.6**	**58.7**	**55.2**	**224.2**

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 1.6 million in Q1 2016 compared with USD 2.1 million in Q1 2015. These figures include all land based personnel in Ocean Yield and Aker Floating Production, which counted a total of 20 persons as of Q1 2016.

Note 8 Financial income

Financial income in Q1 2016 is mainly related to the investment in AMSC bonds. Ocean Yield owns 93.05% of the unsecured bonds issued by American Shipping Company ASA 07/18, with maturity in February 2018. In the first quarter of 2016, interest income of USD 4.5 million was recorded related to the AMSC bonds.

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

Amounts in USD million	4th Quarter 2015	Change Q1 2016	1st Quarter 2016
Cross Currency Interest Rate Swaps	(61.5)	13.9	(47.6)
Interest rate swaps	(12.8)	(8.0)	(20.8)
Total	**(74.3)**	**6.0**	**(68.3)**

Mark-to-market of derivatives was positive USD 6.0 million in Q1 2016. This is mainly related to one cross currency interest rate swap related to the bond issue OCY 02, where NOK 590 million has been swapped from NIBOR + 3.90% p.a. to LIBOR + 4.603% p.a. and three cross currency interest rate swaps related to OCY 03, where NOK 1,000 million has been swapped from NIBOR + 4.00% p.a. to LIBOR +4.45% p.a. In addition the Group has entered into several interest rate swaps related to vessel financings. At the end of March 2016 the cross currency interest rates swaps are the Group’s most significant financial instruments recorded at fair value, and are considered by the Group to be level 2 financial instruments under the fair value hierarchy.

Note 10 Income tax

Income tax expense of USD 3.1 million was recognized in Q1 2016, compared with USD 0 million in Q1 2015. The amount was related to change in deferred tax.

Note 11 Vessels and equipment

Material changes in vessels and equipment during 2016:

Amounts in USD million	FPSO	Other Oil Service	Gas Carriers	Car Carriers	Other /elim	Total
Balance at 1 January	402.8	532.1	66.2	230.9	7.6	1 239.5
Acquisitions	-	-	-	68.5	-	68.5
Advances	-	-	0.2	-	1.2	1.4
Disposals	-	-	-	-	-	-
Depreciation	-14.4	(7.2)	-	(2.6)	(0.0)	(24.3)
Effect of movements in foreign exchange	-	8.0	-	-	-	8.0
Balance at 31 March 2016	**388.4**	**532.9**	**66.3**	**296.7**	**8.7**	**1 293.1**

Vessels defined as finance leases are not included in Note 11 but included in Note 12 Finance lease receivables and related assets

Note 12 Finance lease receivables and related assets

Finance lease receivables and related assets of USD 479.0 million at 31 March 2016 are related to the vessel Aker Wayfarer, eight chemical tankers, where four vessels are under construction, and four product tankers, where two vessels are under construction.

In Q1 2016 USD 7.3 mill has been recognized as finance lease revenue related to the vessels that have been delivered. On a cash basis, USD 12.2 million was received in bareboat hire during the quarter.

The net finance lease receivables as of 31 March 2016 was as follows:

	Other Oil Service			**Other Shipping**			**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	39.4		36.4	22.7		22.3	58.7
Between one and five years	162.6		107.7	112.0		89.4	197.1
More than five years	256.7		74.6	218.9		107.3	181.9
Lease investments:							
Less than one year	(89.2)		(87.1)	-		-	(87.1)
Total finance lease receivables	**369.5**	**-237.9**	**131.6**	**353.6**	**-134.6**	**219.0**	**350.6**
Related assets			53.8			74.6	128.4
Total finance lease receivables and related assets			**185.4**			**293.6**	**479.0**
Unguaranteed residual values included above	59.0		11.5	57.8		22.8	34.3

Note 13 Contractual obligations

Ocean Yield had as per 31 March 2016 the following contractual obligations related to the purchase of vessels:

Amounts in USD million	FPSO	Other Oil Service	Gas Carriers	Car Carriers	Other Shipping	Total
Already paid	-	52.7	64.8	18.6	74.5	210.7
2016	-	36.5	81.0	43.7	164.8	325.9
2017	-	-	97.2	-	-	97.2
Total contractual obligations	**-**	**89.2**	**243.0**	**62.3**	**239.4**	**633.8**
Total remaining payments	-	36.5	178.2	43.7	164.8	423.1
Secured bank financing	17.3	38.2	202.5	47.0	157.4	462.4
Estimated cash surplus						**39.3**

The obligations above related to the Other Oil Service segment are related to the modification work on the vessel Aker Wayfarer. Ocean Yield has secured financing for 100% of the modification work.

The obligations above related to the Gas Carriers segment are related to three LEG carriers, scheduled for delivery in Q4 2016 – Q1 2017. Ocean Yield has in April 2016 received a commitment letter from a group of banks for a USD 202.5 million credit facility for the financing of the vessels.

The obligations above related to the Car Carriers segment are related to one PCTC vessel, which will be delivered in Q2 2016. Long term financing has been secured for the vessels for a total of USD 47 million. In addition, a cash receivable from prepayment of charter hire of USD 15.6 million will be paid by Höegh Autoliners, where 50% is payable in Q3 and 50% in Q4 2016.

The obligations above related to the segment Other Shipping are related to four chemical tankers and two product tankers under construction. The figures are net of seller's credit in the transactions. The four chemical tankers, being 49,000 dwt IMO II chemical carriers built by STX Korea, are scheduled for delivery in Q1-Q3 2016. Long term financing has been secured for the chemical tankers for a total of USD 112 million. The two product tankers, being 115,000 dwt LR2 product tankers are built at Sungdong Shipbuilding & Marine Engineering Co., Ltd, Korea and are scheduled for delivery in Q2-Q3 2016. Long term financing has been secured for the product tankers for a total of USD 74 million.

Note 14 Interest-bearing debt

Material changes in interest-bearing debt (short term and long term) during 2016:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other /elim	Total
Balance at 1 January	167.5	501.2	137.5	127.3	225.4	1 158.9
New loans	-	31.4	47.0	66.6	-	145.0
Paid loan fees	-	(0.1)	(0.2)	(0.4)	-	(0.7)
Instalments	(35.1)	(4.0)	(2.7)	(1.8)	-	(43.7)
Effect of movements in foreign exchange and loan fees amortized	0.2	5.8	0.2	0.1	14.9	21.3
Total interest-bearing debt	**132.6**	**534.2**	**181.8**	**191.8**	**240.3**	**1 280.8**

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other/elim	Total
Long-term interest-bearing debt	64.1	493.6	168.0	151.7	240.3	1 117.8
1st year instalments	68.6	40.6	13.8	40.0	-	163.0
Total interest-bearing debt	**132.6**	**534.2**	**181.8**	**191.8**	**240.3**	**1 280.8**

Ocean Yield received in April 2016 a commitment letter from a group of banks for a USD 202.5 million credit facility for the financing of the three Liquefied Ethylene Gas carriers on long term charter to the Hartmann Group, with SABIC Petrochemicals BV being the sub-charterer of the vessels for 10 years. The credit facility will finance $67.5 million out of the contract price of $81 million per vessel, with a tenor of 10- years from delivery, and will be repaid on an annuity basis down to a balloon of USD 22.5 million per vessel at maturity. The margin is on competitive terms and in line with previous transactions completed by Ocean Yield.

Also in April, Ocean Yield agreed with one of the banks financing the FPSO Dhirubhai-1 to increase the loan facility with another USD 17.3 million for general corporate purposes. The loan facility was undrawn at the end of Q1 2016.

Note 15 Non-current provisions

Amounts in USD million	Decommissioning obligation	Total
Balance at 1 January 2016	(26.6)	**(26.6)**
Accretion expense	(0.5)	**(0.5)**
Balance at 31 March 2016	**(27.1)**	**(27.1)**

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 32 million in September 2018 has been estimated, where USD 27.1 million has been recognised in the balance sheet as of Q1 2016, representing the present value of the obligation.

RIL exercising the purchase option has been viewed as the most likely scenario. However, IFRS requires that the present value of the estimated decommissioning cost should be included as part of the acquisition cost of Dhirubhai-1 with a corresponding provision, due to the potential decommissioning obligation arising from the installation. Prior to Q4 2015, the Group had not reflected the effects of the estimated decommissioning provision for the Dhirubhai-1, which has been operating since September 2008, in its financial statements. The Group did not restate its 2014 financial statements for this error as it determined that the impact to equity as of 1 January 2014 or to the income statements for the year ended 31 December 2014 would not be material. To reflect this a correction was made to the opening equity of Ocean Yield in 2015, and consequently the equity and non-current provisions as of 31 March 2015 have been restated in the Q1 2016 report. The effects are as follows:

Amounts in USD million	Q1 2015 previously reported	Correction of error	**Q1 2015 restated**
Total equity	723.2	(24.9)	**698.3**
Non-current provisions	-	24.9	**24.9**

Note 16 Use and reconciliation of non-GAAP financial measures

Non-GAAP financial 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 a non-GAAP financial measure:

- EBITDA adjusted for finance lease effects
- Adjusted net profit

The Company believes presenting EBITDA adjusted for finance lease effects and adjusted net profit is useful to investors as it provides other useful measures of Ocean Yield's profitability from its operations.

Amounts in USD million	4th Quarter 2015	1st Quarter 2016	1st Quarter 2015	Jan - Dec 2015
EBITDA	56.6	58.7	55.2	224.2
Repayment on finance lease receivables	3.2	4.9	2.1	10.8
EBITDA adjusted for finance lease effects	**59.7**	**63.6**	**57.3**	**235.0**
Net profit after tax	28.3	18.6	28.1	105.0
Impairment charges	28.6	-	-	28.6
Foreign exchange gains/losses	(7.4)	13.2	(14.8)	(41.5)
Mark to market of derivatives	1.7	(6.0)	12.9	40.5
Change in deferred tax	(25.0)	3.1	0.0	(25.0)
Other non-recurring items	1.3	-	0.5	0.5
Adjusted Net profit	**27.6**	**29.0**	**26.8**	**108.1**

Note 17 Share capital and dividends

As of 31 March 2016, the Company had a share capital of NOK 1,346,285,750 divided into 134,628,575 ordinary shares, each having a par value of NOK 10.00. Total number of treasury shares held were 42,813.

In Q1 2016 USD 21.9 million was paid in dividends, following the announcement of the Q4 2015 Results.

Note 18 Events after the balance sheet date

In April, Ocean Yield ASA received a commitment letter from a group of banks for a USD 202.5 million credit facility for the financing of the three Liquefied Ethylene Gas carriers on long term charter to the Hartmann Group, with SABIC Petrochemicals BV being the sub-charterer of the vessels for 10 years.

In April, Ocean Yield Ocean Yield took delivery of the 49,000 dwt IMO II chemical tanker "Navig8 Turquoise" from STX Korea.

Also in April, Ocean Yield agreed with one of the banks financing the FPSO Dhirubhai-1 to expand the loan facility with another USD 17.3 million for general corporate purposes.