



OCEAN YIELD AS

First Quarter 2013
Report



First Quarter 2013 Report

Oslo, 10th May, 2013 Ocean Yield AS (“Ocean Yield” or the “Company”) announces preliminary results for the first quarter ending 31st March, 2013.

Highlights

- Consolidated EBITDA was USD 48.8 million for the first quarter 2013 compared to USD 39.4 million for the fourth quarter 2012
- Consolidated Net Profit after tax was USD 17.1 million for the first quarter 2013 compared to USD 11.3 million for the fourth quarter 2012
- Book Equity was USD 546.8 million at the end of the first quarter 2013, compared to USD 533.0 at the end of Q4 2012. The equity ratio was 35.5% compared to 35.6% at the end of Q4 2012.
- On 7th March 2013, Ocean Yield announced the acquisition of two newbuilding Anchor Handling Tug Supply (“AHTS”) vessels with 12-year bareboat charters to Farstad Supply AS. The transaction added approximately 20% to our EBITDA charter backlog
- The FPSO Dhirubhai-1 showed strong performance during the quarter with a utilization of 100%. This had a positive effect on net income in the first quarter compared to the fourth quarter 2012
- Selected key financial figures for the first quarter 2013 compared to the fourth quarter 2012:

Consolidated Key numbers - USD million	Q1 2013	Q4 2012	Jan-Dec 2012 (pro-forma)
Revenues	56.6	50.8	188.0
EBITDA	48.8	39.4	151.4
Net profit	17.1	11.3	44.7
Earnings per share – USD	0.17	0.11	0.45
Cash	63.7	104.6	
Total assets	1 539.2	1 498.4	
Interest bearing debt	893.9	858.4	
Net interest bearing debt	830.2	753.8	
Total equity	546.8	533.0	
Equity ratio (%)	35.5	35.6	

Main events during the first quarter

- On 7th March 2013, Ocean Yield announced the acquisition of two newbuilding AHTS vessels with 12-year bareboat charters to Farstad Supply AS, a 100 per cent owned subsidiary of Farstad Shipping ASA. The purchase price of the vessels is approximately NOK 1.2 billion. The first vessel, the “*Far Senator*” was delivered to Ocean Yield at the end of March 2013 and immediately commenced its 12-year bareboat charter to Farstad Supply AS. The second vessel, to be named “*Far Statesman*”, is expected to be delivered early June 2013. Farstad Supply has options to acquire the vessels during the charter period, with the first options being exercisable after five years. The vessels are built at STX Langsten and are of UT 731 CD design, being high-end AHTS vessels with 24,371 BHP and 265 mt bollard pull. Ocean Yield has secured

long-term export financing for approximately 75 per cent of the purchase price on attractive terms.

- The FPSO *Dhirubhai -1*, which is on a long-term charter to Reliance Industries Ltd., showed strong performance during the first quarter, with an operational utilisation of 100%. This had a positive impact on net income for the first quarter, compared to the fourth quarter, where a planned shutdown of 6.75 days for periodical maintenance and one-off provisions negatively impacted results. In the first quarter, USD 17 million in extraordinary debt repayments were made related to a cash sweep agreement, under which 50% of excess cash flow is payable as an extraordinary installment at the end of each year.
- The *Aker Wayfarer*, the *Lewek Connector* and the *Geco Triton* received charter hire as per their respective bareboat agreements

Fleet status:

- The charter backlog at the end of Q1 was USD 1.9 billion in revenues and USD 1.7 billion in EBITDA. Average remaining contract tenor (weighted by EBITDA) as of end Q1 was 7.5 years

Vessel	Vessel type	Client	Contract expiry	Remaining tenor (years)	Revenue Backlog USD M
Dhirubhai-1	FPSO	Reliance Industries	Sep-18	5.5	750
Aker Wayfarer	Subsea	Aker Solutions	Oct-20	7.5	306
Lewek Connector	Subsea	Ezra/EMAS AMC	Oct-22	9.5	365
Höegh 4401 (newbuild)*	Car Carrier	Höegh Autoliners	Apr-26	12.0	87
Höegh 4402 (newbuild)*	Car Carrier	Höegh Autoliners	Aug-26	12.0	87
Geco Triton	Seismic	WesternGeco	Dec-15	2.8	16
Far Senator	AHTS	Farstad	Mar-25	12.0	140
Far Statesman**	AHTS	Farstad	June-25	12.0	140

*Contract start for *Höegh 4401 / 4402* is expected to be April 2014 and August 2014 respectively

** Contract start for *Far Statesman* is expected to be June 2013

Risks:

- The Company is exposed to a number of risks, including counterparty risk, operating risk on the *Dhirubhai-1*, interest rate risk, currency risk and residual value risk. The Company is of the opinion that the overall risk picture is balanced and unchanged from what was described in our annual report for 2012. For a more detailed description of risk factors, please refer to the annual report for 2012.

Outlook:

- New potential investments are under evaluation within the oil-service and industrial shipping segments and the Company expects to continue to grow its investment portfolio.
- The company is continuing the preparation for a listing on the Oslo Stock Exchange combined with raising additional equity for further growth. As preparation for a future listing, the Board of Directors has today proposed to the general assembly that Ocean Yield is transformed from a limited liability company to a public limited liability company and that the Board of Directors is given power of attorney to issue new shares. The general assembly will also elect new members to the Board of Directors. A listing of the company is targeted within the next 12 months, market conditions permitting.

Company contacts:

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Ocean Yield group condensed financial statement for the first quarter 2013

Income statement and total comprehensive income

Income statement		Pro forma			Pro forma
		1st Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in USD million</i>	Note	2013	2012	2012 ¹	2012
Operating revenues	5	56.6	45.4	45.4	188.0
Vessel operating expenses	6	(3.9)	(4.5)	(4.5)	(16.3)
Wages and other personnel expenses	7	(1.7)	(3.7)	(3.7)	(10.1)
Other operating expenses		(2.2)	(1.9)	(2.0)	(10.2)
EBITDA	5	48.8	35.2	35.1	151.4
Depreciation and amortization	11	(24.2)	(20.8)	(20.8)	(85.9)
Impairment charges and other non-recurring items		-	(3.0)	(3.0)	(5.9)
Operating profit		24.7	11.3	11.3	59.7
Financial income	8	4.6	2.8	1.4	11.4
Financial expenses	9	(8.1)	(3.6)	(21.0)	(24.7)
Mark to market of derivatives	10	(3.4)	(0.0)	-	(1.7)
Profit before tax		17.8	10.6	(8.3)	44.6
Income tax expense		(0.7)	(1.0)	(0.1)	-
Result for the period		17.1	9.6	(8.4)	44.7
Total comprehensive income		Pro forma			Pro forma
		1st Quarter	1st Quarter	1st Quarter	Jan - Dec
<i>Amounts in million</i>		2013	2012	2012	2012
Result for the period		17.1	9.6	(8.4)	44.7
Other comprehensive income, net of income tax					
Currency translation differences		(4.1)	7.0	8.1	9.4
Total comprehensive income for the period		13.1	16.6	(0.3)	54.0
Attributable to:					
Equity holders of the parent		13.1	16.6	(0.3)	54.0
Total comprehensive income for the period		13.1	16.6	(0.3)	54.0
Earnings per share (USD)		0.17	0.10	-0.08	0.45

¹ The income statement and the total comprehensive income for Q1 2012 include interest expenses and currency translation costs of USD 14.9 million related to a shareholder loan of USD 308 million from Aker ASA to Aker Floating Production, which was converted to equity upon the establishment of the Ocean Yield group in Q1 2012. Pro-forma figures for Q1 2012 reflect the financial performance as if Ocean Yield AS was established on 1 January 2012 with the capital structure and assets owned upon establishment on 31 March 2012. The pro-forma income statement and the total comprehensive income for Q1 2012 do therefore not include interest and translation differences on the above mentioned shareholder loan.

Balance sheet

<i>Amounts in USD million</i>	Note	31 March 2013	31 March 2012	31 December 2012
ASSETS				
Vessels and equipment	11	1 241.0	905.1	1 157.7
Intangible assets		38.3	38.3	38.3
Deferred tax assets		9.2	9.1	10.1
Restricted cash deposits		20.0	20.0	20.0
Investments in AMSC Bonds		148.0	141.0	151.8
Total non-current assets		1 456.6	1 113.5	1 378.0
Trade receivables, other interest-free receivables and short-term investments in shares		18.9	18.7	15.8
Cash and cash equivalents		63.7	63.7	104.6
Total current assets		82.7	82.4	120.4
Total assets		1 539.2	1 195.9	1 498.4
EQUITY AND LIABILITIES				
Share capital		175.6	175.6	175.6
Other paid-in capital		400.4	400.4	400.4
Total paid-in capital		576.0	576.0	576.0
Retained earnings and translation reserves		(29.1)	(80.4)	(43.0)
Total equity attributable to equity holders of the parent		546.8	495.6	533.0
Total equity	13	546.8	495.6	533.0
Interest-bearing loans	12	800.9	511.8	746.6
Deferred tax liabilities	14	0.6	0.3	-
Pension liabilities	14	0.3	0.6	1.6
Mobilization fee and advances		80.9	99.4	86.7
Other interest-free long term liabilities		(0.0)	4.3	1.8
Total non-current liabilities		882.6	616.4	836.7
Interest-bearing short term debt	12	93.0	70.3	111.8
Trade and other payables		16.8	13.6	17.0
Total current liabilities		109.8	83.9	128.7
Total liabilities		992.4	700.3	965.4
Total equity and liabilities		1 539.2	1 195.9	1 498.4
Equity ratio		35.5	41.4	35.6

Change in equity

<i>Amounts in USD million</i>	Note	1st Quarter	Pro forma	1st Quarter	Pro forma
		2013	1st Quarter	2012	Jan - Dec
Balance at the beginning of the period		533.0	478.9	37.2	478.9
Profit for the period		17.1	9.6	-8.4	44.7
Other comprehensive income		-4.1	7.1	8.1	9.4
Total comprehensive income		13.1	16.7	-0.3	54.0
New Equity in Ocean Yield AS				458.7	
Impact of implementing IAS 19R, net of tax	2	0.8			
Balance at the end of the period		546.8	495.6	495.6	533.0

Cash flow statement

<i>Amounts in USD million</i>	Note	1st Quarter	Pro forma	1st Quarter	Pro forma
		2013	1st Quarter	2012	Jan - Dec
Profit before tax		17.8	10.6	-8.3	44.6
Sales losses/gains (-) and write-downs		-	3.0	3.0	6.0
Depreciation and amortization		24.2	20.8	20.8	85.9
Other changes in operating activities		-12.4	-4.6	14.4	-17.9
Net cash flow from operating activities		29.6	29.9	29.9	118.7
Proceeds from sales of property, plant and equipment		-	-	-	11.2
Acquisition of property, plant and equipment	11	-120.9	-	-	-327.3
Net cash flow from investing activities		-120.9	-	-	-316.1
Proceeds from issuance of long-term interest-bearing debt	12	80.5	-	-	334.9
Repayment of long-term interest-bearing debt	12	-29.0	-29.7	-29.7	-96.6
Net cash flow from financing activities		51.6	-29.7	-29.7	238.3
Net change in cash and cash equivalents		-39.7	0.2	0.2	40.8
Exchange rate differences		-1.1	1.9	1.9	2.2
Cash and cash equivalents at beginning of the period		104.6	61.5	61.5	61.5
Cash and cash equivalents at the end of the period		63.7	63.7	63.7	104.6

Notes to the condensed consolidated interim financial statements for the Ocean Yield for the first quarter 2013

Note 1 Introduction – Ocean Yield AS

Ocean Yield AS is a company domiciled in Norway. The condensed consolidated interim financial statements for the first quarter of 2013 comprise Ocean Yield AS and its subsidiaries (together referred to as the "Group"). The financial statement for the 1st Quarter 2013 include the financial statements of the parent company, Ocean Yield AS and its subsidiaries owned at the end of 1st Quarter 2013.

The consolidated financial statements of the Group as at and for the year ended 31 December 2012 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 2012.

A number of standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2013, and have not been applied in preparing these consolidated financial statements:

IFRS 10 Consolidated Financial statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities, in addition amendments to the standards IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. These new and amended standards are effective from 1 January 2014.

The implementation of IFRS 9 Financial Instruments (mandatory from 1 January 2015) may result in certain amendments to the measurement and classification of financial instruments.

These condensed consolidated interim financial statements were approved by the Board of Directors on 10th May 2013.

Note 3 Significant accounting principles

The group has of 1 January 2013 implemented revised IAS 19 Employee benefits (IAS 19R), IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. 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 31 December 2012.

IAS 19R

The company has previously employed the "corridor" method for accounting of unamortised estimate deviations. In accordance with IAS 19R, all estimate deviations are to be recognised under other comprehensive income (OCI). Return on pension plan assets was previously calculated on the basis of a long-term expected return on the pension plan assets. Due to the application of IAS 19R, the net interest cost of the period is now calculated by applying the discount rate applicable to the liability at the start of the period on the net liability. Thus, the net interest cost comprises interest on the liability and return on the pension plan assets, both calculated with the discount rate. Changes in net pension liabilities due to premium payments and pension benefits are taken into consideration. The difference between actual return on the pension plan assets and the recognised return is recognised against the OCI on an on-going basis. The changes in IAS 19R required retrospective implementation, but have been assessed to be immaterial as regards their impact on Ocean Yield financial statements for previous reporting periods. Consequently prior periods' information has not been restated to reflect the impact of the implemented standards and amendments.

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 2012.

Note 5 Operating segments

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

Operating revenues	1st Quarter	Pro forma 1st Quarter	1st Quarter	Pro forma Jan - December
	2013	2012	2012	2012
<i>Amounts in USD million</i>				
Aker Floating Production (Dhirubhai 1)	35.0	33.8	33.8	133.1
Aker ShipLease (Aker Wayfarer)	10.3	10.1	10.1	40.6
New Pollock (Geco Triton)	1.4	1.4	1.4	5.8
Connector (Lewek Connector)	9.5	-	-	8.5
Other companies and eliminations	0.4	-	-	-
Operating revenues	56.6	45.4	45.4	188.0

EBITDA	1st Quarter	Pro forma 1st Quarter	1st Quarter	Pro forma Jan - December
	2013	2012	2012	2012
<i>Amounts in USD million</i>				
Aker Floating Production (Dhirubhai 1)	28.3	23.7	23.7	98.9
Aker ShipLease (Aker Wayfarer)	10.3	10.1	10.1	40.6
New Pollock (Geco Triton)	1.4	1.4	1.4	5.7
Connector (Lewek Connector)	9.4	-	-	8.5
Ocean Yield AS	(0.9)	(0.0)	(0.0)	(2.3)
Other companies and eliminations	0.4	-	-	(0.0)
EBITDA	48.8	35.2	35.2	151.4

Note 6 Vessel operating expenses

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

Note 7 Wages and other personnel expenses

Wages and personnel expenses in Q1 2012 include one-off costs related to a reduction in the number of employees in Aker Floating Production AS in 2012

Note 8 Financial income

Financial income in Q1 2013 contains a one-off recognition of deferred income of USD 1.8 million. Financial income related to the investment in AMSC bonds was USD 2.5 million in the quarter. The nominal outstanding amount of bonds controlled by Ocean Yield was USD 184.5 million at the end of the quarter. The bonds are accounted for using the fair value principle.

Note 9 Financial expenses

Financial expenses in Q1 2012 contain interest related to a shareholder loan from Aker ASA of USD 308 million granted to Aker Floating Production AS. Upon establishment of Ocean Yield in Q1 2012, this loan, including interest, was converted to equity.

Note 10 Mark to Market of derivatives

Mark-to-market of derivatives is mainly related to a cross currency interest rate swap on the NOK 600 million bond loan issued by Ocean Yield, where the coupon on the bond loan has been swapped from NIBOR+6.50% p.a. to LIBOR+7.07 p.a. The bond loan matures in July 2017.

Note 11 Vessels and equipment

Material changes in vessels and equipment during Q1 2013:

<i>Amounts in USD million</i>	Aker Floating Production (Dhirubhai-1)	Aker Shiplease (Aker Wayfarer)	New Pollock (Geco Triton)	Connector (Lewek Connector)	LH Shiplease Höegh 4401/4402	F-Shiplease (FAR Senator/FAR Statesman)	Total
Balance at 1 January	579	240	15	312	12	-	1 158
Depreciation	-16	-4	-	-4	-	-	-24
Acquisition	-	-	-	-	12	109	121
Effect of movements in foreign exchange	-	-10	-	-	-	-4	-13
Balance at 31 March	562	226	15	308	25	105	1 241

Note 12 Interest bearing debt

Material changes in interest-bearing debt (short term and long term) during 2013:

<i>Amounts in USD million</i>	Aker Floating Production AS	Aker Shiplease AS	Ocean Yield AS	Connector 1 AS	F-Shiplease AS	Total
Balance at 1 January	344	184	105	224	-	858
New loans	-	-	-	-	81	81
Repayments	(29)	-	-	-	-	(29)
Effect of movements in foreign exchange and other changes	(1)	(8)	(4)	-	(3)	(16)
Total interest-bearing liabilities as of 31 March 2013	314	177	101	224	78	894
Long-term	258	159	101	205	78	801
1st year instalments	56	18	-	20	-	93
Total interest-bearing liabilities as of 31 March 2013	314	177	101	224	78	894

An extraordinary repayment on the loan related to Aker Floating Production was made in the first quarter. This is related to an annual cash sweep in the loan agreement. The extraordinary repayment was USD 17.0 million and is equal to 50% of excess cash in 2012 in Aker Contracting Floating Production ASA. The Company is in the process of amending the loan agreement to allow for a separate subordinated tranche, which will allow the company to re-draw the cash sweep amounts payable annually. So far, an offer has been received for the financing of the 2012 cash sweep amount of USD 17.0 million. The loan agreement will, on an uncommitted basis, allow for this tranche to be increased up to USD 101 million, for the financing of future cash sweep payments.

Note 13 Share capital and dividend

As of 31 March 2013 Ocean Yield had 100 million ordinary shares outstanding. The board of directors proposed a dividend of USD 40 million for 2012. The dividend distribution was approved at the Annual General Meeting in April and will be paid with USD 20 million in June 2013 and USD 20 million in September 2013. Target dividend for 2013 is USD 0.46 per share, with 50% payable in April 2014 and 50% in September 2014.

Note 14 Pension, tax and contingencies

Calculation of pension cost and liability is done annually by actuaries. In the interim financial reporting, pension costs and liabilities are based on the actuarial forecasts. Income tax expense is recognized in each interim period based on the best estimate of the expected annual income tax rates.

Note 15 Charter backlog and purchase options

Charter backlog as per end of Q1 2013 by contracted revenues split by vessel

USD million

Vessel	Total	2013 ⁽²⁾	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dhirubhai-1, total.....	700.8	95.5	124.8	129.1	127.6	128.4	95.3	—	—	—	—	—	—	—	—
of which is bareboat charter	583.4	81.0	105.2	107.9	106.0	105.7	77.6	—	—	—	—	—	—	—	—
of which is O&M agreement.....	117.4	14.5	19.6	21.2	21.7	22.7	17.7	—	—	—	—	—	—	—	—
Lewek Connector	365.4	28.9	38.3	38.3	38.4	38.3	38.3	38.3	38.4	38.3	29.7	—	—	—	—
Aker Wayfarer	273.7	25.7	36.7	36.7	36.8	36.7	36.7	36.7	27.6	—	—	—	—	—	—
Höegh 4401	86.6	—	4.9	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	2.4
Höegh 4402	86.6	—	2.4	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	4.8
Far Senator	139.5	9.2	12.3	12.3	12.1	12.0	11.7	11.6	11.7	11.4	11.3	10.8	10.7	2.3	—
Far Statesman	139.8	7.5	12.3	12.3	12.1	12.0	11.8	11.6	11.7	11.5	11.3	10.9	10.7	4.2	—
Geco Triton.....	16.0	4.4	5.80	5.80	—	—	—	—	—	—	—	—	—	—	—
Total cash revenue backlog.....	1808.2	171.1	237.5	248.9	241.5	241.8	208.3	112.7	103.8	75.6	66.8	36.2	35.9	21.0	7.1
Amortisation of mobilisation fees, Dhirubhai-1	49.0	6.7	9.0	9.0	9.0	9.0	6.4	—	—	—	—	—	—	—	—
Non-cash rate Aker Wayfarer ⁽¹⁾	32.0	5.4	3.9	3.9	3.9	3.9	3.9	3.9	2.9	—	—	—	—	—	—
Total revenue backlog.....	1889.2	183.2	250.4	261.8	254.4	254.7	218.6	116.7	106.8	75.6	66.8	36.2	35.9	21.0	7.1

⁽¹⁾ This portion of the revenue is used to repay a loan from the client

⁽²⁾ 2013 figures include Q2-Q4 2013

Purchase Options per vessel by year after contract start

USD million

Vessel	Contract start	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Dhirubhai-1,	Sep.2008	541.0	494.0	443.0	387.0	324.0	255.0	-	-
Lewek Connector.....	Oct.2012	245.0	-	213.0	-	-	158.0	-	-
Aker Wayfarer	Sep.2010	-	-	-	-	-	-	-	-
Höegh 4401	Apr. 2014	54.0	-	50.0	-	-	43.0	-	36.8
Höegh 4402	Aug. 2014	54.0	-	50.0	-	-	43.0	-	36.8
Far Senator	Mar. 2012*	85.5	-	76.6	-	-	63.2	-	53.8
Far Statesman	June 2012*	85.5	-	76.6	-	-	63.2	-	53.8
Geco Triton.....	Dec. 1998	-	-	-	-	-	-	-	-

*Options in NOK. Converted to USD with exchange rate as of Q1 2013 (NOK/USD 5.82)

Note 16 Events after the balance sheet date

The Board of Directors has on May 10th proposed to the general assembly that Ocean Yield is transformed from a limited liability company to a public limited liability company ("ASA") and that the Board of Directors is given power of attorney to issue new shares. The general assembly will also elect new members to the Board of Directors.