ANNUAL REPORT
2017

ANNUAL REPORT 2017

JACKTEL AS

CONTENTS

Report of the Board of Directors	2
Financial statements 2017	8
Notes to Financial statements 2017	12
Auditor's report	29

REPORT OF THE BOARD OF DIRECTORS

JACKTEL AS

Jacktel AS is a 100% owned subsidiary of Master Marine AS, the parent company in the Master Marine Group. The Group is located at Rosenkrantzgate 18 in Oslo, Norway. Jacktel AS was established in 2009 and is the owner of the jack-up accommodation rig Haven. Master Marine AS prepares consolidated financial statements that include Jacktel AS.

FINANCIAL DEVELOPMENT AND RESULTS

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

The annual accounts were approved by the Board of Directors on 26th April 2018.

Finance (2016 figures in brackets)

Financial results
Operating revenue for 2017 was 0 MUSD (15.6 MUSD) due to upgrade and mobilization for the Johan Sverdrup contract commencing June 2018. Operating expenses were 8.5 MUSD (14.7 MUSD), of which 5.6 MUSD relates to vessel OPEX and 2.9 MUSD relates to various engineering services and management fee paid to Jacktel's parent company, Master Marine. This resulted in an EBITDA of -8.5 MUSD (0.9 MUSD). After deducting depreciation of 15.2 MUSD (15.1 MUSD), operating loss for the year amounted to -23.8 MUSD (-14.1 MUSD).

Interest expenses for 2017 equaled 30.8 MUSD (23.9 MUSD), of which 10 MUSD relates to interests payable on the bond loan and 20.8 MUSD relates to interests on the two shareholder loans. Unrealized foreign exchange gain on debt denominated in EUR equaled to 39 MUSD.

The Statement of Financial position reflects the book value of the accommodation rig Haven amounting to 298 MUSD and two milestone payments made to Lamprell, amounting to 52.3 MUSD. Non-current liabilities include a Bond loan of 172 MUSD and two Shareholder loans from Master Marine AS of total 248.2 MUSD.

The fair market value of Haven is dependent on the development in the offshore industry. As previously announced, Haven has an 18 months contract with Statoil at the Johan Sverdrup field, commencing June 2018. The contract value for the fixed period is approximately 195 MUSD and 400 MUSD including option periods. The contract visualizes the unit's attractiveness in a competitive market.

The Company has performed an impairment assessment as of 31 December 2017 concluding that Haven should not be impaired. External broker valuations support the conclusion. Based on this, the Board of Directors considers the book value of Haven to be fair as of the date of this report. For further details, reference is made to note 13. The equity level as of year-end 2017 is 0,02 % (27 %). For further comments, reference is made to Going Concern.

Net loss for the 2017 equaled 91.9 MUSD (loss of 29.4 MUSD). The Board of Directors proposes to charge the net loss to the share premium and to retained losses.

Cash flow and liquidity
Operational cash flow in 2017 was -0.5 MUSD (8.8 MUSD). Cash flow from investments was -64.4 MUSD, (-23.9 MUSD) and cash flow from financing was 112.1 MUSD (-6.6 MUSD) mainly relating to proceeds from borrowings. This resulted in a net increase in cash and cash equivalents in 2017 of 47.3 MUSD (decrease of 21.7 MUSD). As of year-end 2017, the Company had overall cash reserves of 79.4 MUSD (32.1 MUSD).

Cash flow from investing activities refer to the upgrade for the Johan Sverdrup project, the lifeboat and launching system and finalizing the installation of the auto greasing system. The first two milestone payments to Lamprell in 2016 and 2017 amount to 52.7 MUSD. The last milestone payment is scheduled for May 2018 (35 MUSD).

Cash flow from financing activities relates mainly to the new shareholder loan and the new tranche under the Bond loan agreement.

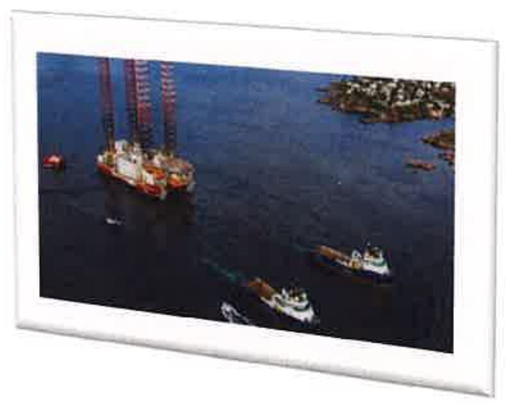
With the additional funding in 2017 and the commencement of the Johan Sverdrup contract which will provide for a stable sustainable cash flow over at least the next 18 months period, the Board of Directors considers the company's liquidity position to be adequate and confirms that the assumption of going concern is in place and forms the basis for the year-end financial statements, ref Going Concern.

Alternative Performance Measures
The European Securities and Markets Authority issued guidelines on Alternative Performance Measures (APMs) that came into force on 3 July 2016. Jacktel AS has defined and explained the purpose of the following APMs:

- EBITDA. When used by the Company means Earnings Before Interest, Tax, Depreciation and Amortization. The Company believes that EBITDA provides useful information about the ability to serve the long-term debt.
- EBIT. When used means Earnings Before Interest and Tax and provides information about the profitability of the Company.
- CASH OR LIQUIDITY RESERVE. When used means cash and bank deposits and provide information about the cash balance at the balance sheet date and the Company's ability to meet it current liabilities.

Financial Exposure
The company is exposed to general business market risk, credit risk, currency risk and revenue risk. Credit risk related to the Statoil contract is considered low. Currency risk is considered low as the cost of the main upgrade project is in the same currency as the charter rate, USD. The current bond loan is denominated in EUR, and the company will seek to swap this to USD to reduce the overall currency risk.

Long term commitment for Haven is secured from June 2018 for 18 months through the charter contract with Statoil for the Johan Sverdrup project. Future changes in day rates and utilization of the unit may impact the valuation of the asset.



Operations

Risk Management Overview
The Group is exposed to market risks arising from the Company's normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of the Company's assets, liabilities or future cash flows. To reduce and manage these risks, the Company periodically reviews and assesses its primary financial market risks, including liquidity risk and credit risk. Once risks are identified, appropriate action is taken to mitigate the specific risk.

Operational Risk
Utilization is considered to be one of the most significant operational risks, hence both owner and technical manager work closely together to maximize utilization through effective maintenance and detailed follow up of the operation. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. There has never been a Lost Time Incident related to the operation of "Haven". Master Marine is the owner and use its personnel to continuously monitor the technical manager's performance in order to mitigate any operational risk.

Currently the market remains quiet with few specific contract opportunities. In the longer term increased demand should be expected on the back of the strengthening oil price. Oil companies are currently generating strong cash flows and most fields are financially attractive at oil prices around 60 – 70 USD per barrel. Assuming the oil price remains at current level, the activity is expected to increase. Even though management is positive, there is a significant risk in terms of utilization and rates after the contract with Statoil.

Project risk
The upgrade of «Haven» for the Statoil Johan Sverdrup contract represents technical and commercial project risk, which could lead to cost overruns and delays that could have an adverse impact on the Company's financial position.

Construction insurances are taken out in accordance with industry standards. Non-insurable risk is mitigated by establishing an experienced project organization that on a continuous basis monitor the project.

The construction work is based on the results from a joint engineering team lead by Statoil, who engaged experienced engineering contractors such as GustoMSC, Semar and NGI. These contractors continue to deliver follow-on engineering services during the construction phase under the Group's project management. The engineering documentation has been classed by DNV-GL. Further, the project team has engaged DNV-GL VMO as Marine Warranty Surveyor. "Haven" already has an AoC, which will be amended based on the upgrade project specifications and as built state.

Health, Safety and Environmental (HSE) Reporting

The Company aims to conduct all operations in a safe and environmentally friendly way.

The Company works closely with technical manager and clients to ensure safe operation of "Haven". A high safety and environmental standard is achieved through an active and close cooperation with, and monitoring of, OSM Offshore AS. "Haven" complies with the highest safety and environmental standards required by the Norwegian Petroleum Safety Authority. The HSE record for "Haven" is strong with zero Lost Time Incidents. The total registered sick leave among the crew at "Haven" was 1.3 % compared to 0.67 % in 2016.

ORGANIZATION, WORKPLACE ENVIRONMENT AND EMPLOYEES

The Company is an asset owning company and has no employees. All management of the Company is performed through a management services agreement with the parent company. Master Marine AS is providing executive management and general administration, including marketing, finance, accounting, financial reporting as well as other general services.

The Company is against all forms of corruption and works actively through the Company's Ethics Code of Conduct and face-to-face interactions to ensure that corruption does not occur in The Company's business activities.

The Company's Integrated Management System (IMS) is compliant with and operated in accordance with ISO 9001-2008.

FUTURE PROSPECTS

The challenging market for the offshore service industry has continued throughout 2017 and 2018 is also expected to be a low point for the offshore service industry with respect to demand. The reduced spending from the oil companies has, amongst others, resulted in reduced demand for accommodation services in the short term. In the longer term, the activity level within the oil and gas industry is expected to recover. Over the last few months, we have seen increased drilling activity and the oil price has strengthened. Historically this has been an early indicator of increased activity in the longer term. Many oil companies are currently generating strong cash flow and the main part of the oil fields are financially attractive at prices around 60 – 70 USD per barrel.

Several maintenance projects and maintenance campaigns have been postponed. Historically, such delays have affected asset integrity, contributing to increased demand for maintenance activities and related bed capacity. Assuming the oil price remains at current level, the Board of Directors remains confident that we, over the next few years, will see improved utilization and day rates in the accommodation market.

Around 85% of the fields in the North Sea are in water depth of less than 115 meters. Average age of fields in the North Sea is almost 25 years, and many were installed during the 1970's and 80's. Authorities and oil companies focus on increased recovery rate from existing oil fields and expect that this will extend the economic lifetime of the fields. In addition, older infrastructures are frequently used in connection with development of new oil fields. In total these factors are expected to have a positive impact on the demand for bed capacity in the longer term.

GOING CONCERN

As of 31 December 2017, Jacktel AS has a net equity of 0.08 MUSD. The net loss for 2017 is 92 MUSD which is mainly due to no operating revenue, depreciation of 15 MUSD and financial expenses of 68 MUSD. The financial expenses consist partly of interest on long-term loans and partly of unrealized exchange loss.

Following the award of the Johan Sverdrup contract, Jacktel has undertaken to upgrade Haven for the Johan Sverdrup contract with Statoil. Expected upgrade cost is approximately 115 MUSD. As of today, the Board of Directors expects that the upgrade project will be completed on time and budget. The cost will be more than recovered over the firm 18 months contract period. The cash flow will make the Company able to meet its running obligations including paying interest on long-term debt. Statoil also has option for continued use of Haven after the firm period.

The upgrade is fully financed by two Bond Loans and one shareholder loan. The three loans mature in 2019 and the agreements also give Master Marine right to refinance before maturity date. A refinancing to reduce the interest costs and change of currency from EUR to USD to reduce the currency risk, will be considered as soon as possible. Commencement of the Johan Sverdrup contract and successful operation will increase Master Marine's possibilities to obtain improved terms when refinancing. The Johan Sverdrup contract is commencing June 2018. Based on prognosis for the period 2018 – 2038 the Board of Directors expects that Jacktel will make a net profit before tax year by year and the shareholders equity will improve accordingly.

Based on this, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the financial statements in accordance with the Norwegian Accounting Act.

INTERNAL CONTROL

Internal control related to the financial statements closing process is established to ensure the reliability of the financial reporting and compliance with applicable laws and regulations. Policies and procedures established by Management contribute to secure necessary competence, segregation of duties, risk assessments and quality in internal and public reporting. In respect of the reporting, the Board of Directors demonstrates independence from Management.

Master Marine also identifies and evaluates risks that may affect the business and how to mitigate the exposure. The risk for fraud is also considered on a regular basis.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the financial statements of Jacktel AS for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company. We also confirm to the best of our knowledge that the Board of Directors' Report provides a fair view of the developments and performance of the business and the financial position of the Company and a description of significant risks and uncertainties that may exist.

Oslo, 26th April 2018

Bjørn Eie Henriksen
Chairman of the Board

Helge Ystheim
CEO

Financial Statements 2017

Statement of profit and loss

1 January – 31 December

(USD 1.000)	Notes	2017	2016
Revenue	4	0	15 640
TOTAL OPERATING REVENUE		**0**	**15 640**
OPERATING EXPENSES			
Vessel operation cost	5	-5 637	-11 069
Other operating expenses	5	-2 903	-3 584
Depreciation	13	-15 225	-15 096
TOTAL OPERATING EXPENSES		**-23 764**	**-29 749**
OPERATING PROFIT / (LOSS)		**-23 764**	**-14 110**
FINANCIAL INCOME AND EXPENSES			
Financial income	8	166	9 132
Financial expenses	8	-68 307	-24 459
NET FINANCIAL ITEMS		**-68 141**	**-15 327**
PROFIT/(LOSS) BEFORE TAX		**-91 905**	**-29 437**
Income tax expense (benefit)	12	**0**	**0**
NET PROFIT (LOSS)		**-91 905**	**-29 437**

Statement of Comprehensive Income

(USD 1.000)		
Net profit this period	-91 905	-29 437
Other comprehensive income	0	0
COMPREHENSIVE INCOME	**-91 905**	**-29 437**
Earnings per share:		
- Basic	-1,84	-0,59
- Diluted	-1,84	-0,59

STATEMENT OF FINANCIAL POSITION

(In USD 1.000)	Notes	31.12.2017	31.12.2016
ASSETS			
Non-current assets:			
Vessels, plant and equipment	13	297 988	284 276
Prepaid construction cost	13	52 731	17 134
Total non-current assets		**350 719**	**301 411**
Current assets:			
Other current assets	15	4 013	1 259
Cash	16	79 416	32 148
Total current assets		**83 429**	**33 407**
TOTAL ASSETS		**434 148**	**334 817**
EQUITY AND LIABILITIES			
Equity:			
Issued capital	18	19 630	19 630
Share premium	18	0	72 351
Retained losses	18	-19 554	0
Total capital		**76**	**91 981**
Total equity		**76**	**91 981**
Non-current liabilities:			
Long term interest bearing debt	10	420 188	238 497
Prepayments customer	10	3 594	632
Total non-current liabilities		**423 782**	**239 129**
Current liabilities:			
Accounts payable	19	2 606	1 134
Prepayments customer	19	1 702	0
Other current liabilities	19	5 982	2 574
Total current liabilities		**10 290**	**3 708**
Total liabilities		**434 072**	**242 837**
TOTAL EQUITY AND LIABILITIES		**434 148**	**334 817**

Oslo, 26 April 2018

Bjørn Eie Henriksen
Chairman of the Board

Helge Ystheim
CEO

STATEMENT OF CHANGES IN EQUITY

(In USD 1.000)	Share Capital	Share-premium	Retained losses	OCI reserve	Total equity
Equity as at January 1, 2016	**19 630**	**101 787**	**0**	**0**	**121 417**
Net profit (loss)	0	-29 437	0	0	-29 437
Other comprehensive income	0	0	0	0	0
Equity as at December 2016	**19 630**	**72 351**	**0**	**0**	**91 981**
Net profit (loss)	0	-72 351	-19 554	0	-91 905
Other comprehensive income	0	0	0	0	0
Equity as at December 2017	**19 630**	**0**	**-19 554**	**0**	**76**

CASH FLOW STATEMENT

(In USD 1.000)	*Note*	Year ended December 31, 2017	Year ended December 31, 2016
Cash flow from operating activities:			
Profit (loss) before tax		-91 905	-29 437
Adjustment to reconcile profit (loss) after tax to net cash flows:			
Non-cash items:			
Depreciation	13	15 225	15 096
Financial income	8	-166	-27
Financial expenses	8	74 067	13 341
Working capital adjustments:			
Increase (-)/decrease in trade and other receivables		-3 813	10 099
Increase/decrease (-) in trade and other payables		6 052	-246
Net cash flow from operating activities		**-540**	**8 826**
Cash flow from investing activities:			
Interest received	8	166	27
Rig upgrade	13	-28 937	-6 825
Prepaid construction costs	13	-35 597	-17 134
Net cash flow from investing activities		**-64 368**	**-23 932**
Cash flow from financing activities:			
Interest paid	8	-30 784	-7 218
Customer prepayments	10	2 962	632
Proceeds from borrowings	10	139 998	0
Net cash flow from financing activities		**112 176**	**-6 586**
Net increase/(decrease) in cash and cash equivalents		**47 268**	**-21 692**
Cash at beginning of period		32 148	53 840
Cash at end of period		**79 416**	**32 148**

NOTES TO FINANCIAL STATEMENTS 2017

1. GENERAL INFORMATION

Jacktel AS ("Company") is a private limited company incorporated in Norway. The headquarter is located at Rosenkrantzgate 18, 0160 Oslo, Norway. Jacktel AS is an offshore accommodation company.

The annual accounts were approved by the Board of Directors on 26th April 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statements of Jacktel AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), as well as additional relevant requirements under the Norwegian Accounting Act.

2.2 BASIS OF PREPARATION OF GOING CONCERN

The financial statements have been prepared on a historical cost basis, modified for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The statement of comprehensive income is presented by nature of costs (IAS 1). The principal accounting policies are set out below.

The financial statements have been prepared based on the going concern assumption. The Company will commence a 18 months secured contract for Haven in June 2018. The contract will provide for sufficient operational cash flow for the Company to meet its obligations.

2.3 PRESENTATION CURRENCY

The Company applies USD as reporting currency for its financial statements rounded to the nearest thousand unless otherwise indicated.

2.4 REVENUE RECOGNITION

Revenue is recognized at the time of the transaction when it is probable that the transaction will generate future economic benefits that will flow to the Company and the amount can be reliably estimated. Revenues are presented net of value added tax and discounts.

Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term, including mobilization fee received and other receivables for preparation to meet a specific lease contract, unless another systematic basis is more representative.

Revenues from the sale of services are recognized in the income statement according to the project's level of completion provided that the outcome of the transaction can be estimated reliably.

Interest income is recognized on an accrual basis and is included in financial items in the income statement.

2.5 FOREIGN CURRENCY

The financial statements are presented in USD, which is also the Company's functional currency. The presentation currency was changed from EUR with effect from 1 January 2016. Revenue, major transactions and Vessel valuation are denominated in USD.

The functional currency is set based on the criteria defined in IFRS, with revenue currency as the most important one. The Company evaluate functional currency on a regular basis and it might be adjusted in case of material changes in the operation. Transactions in foreign currencies are translated into USD at the exchange rate applicable on the transaction date. Monetary items in other currencies are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated into USD at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

2.6 Segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the Board of Directors and the Executive Management. The Group has only one operational segment, which is the operation of the accommodation vessel, "Haven".

2.7 Borrowing costs
Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs an entity incurs in connection with the borrowing of funds.

2.8 Income tax
Taxes in the income statement include taxes payable and changes to deferred tax. Deferred tax liability/tax asset are calculated on the basis of temporary differences between book and tax values that exist at the end of the period. Deferred tax assets are recognised to the extent that it is likely that the tax benefit can be utilised.

Deferred tax assets and liabilities are measured on the basis of the expected future tax rates applicable, recognised at their nominal value and classified as non-current assets and long-term liabilities respectively. Taxes payable and deferred taxes are recognised directly to equity to the extent that they relate to equity transactions.

2.9 Property, plant and equipment and assets under construction
Property, plant and equipment assets are recognised at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the income statement. The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised by the excess value of the carrying value of the asset and the recoverable amount, and recognised in the income statement. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to the discounted future net cash flows expected to be generated by the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however limited by the carrying value if no impairment loss had been recognised in prior years.

Depreciation is calculated using the straight-line method over the estimated economically useful life, taking residual values into consideration. Components with different economic useful life are depreciated on a straight-line basis, over the components useful life. The depreciation period and method are assessed each year. The hull is depreciated over 30 years from start of operation, other parts of the rig is depreciated over 10-25 years pending type of equipment. The residual value is subject to an assessment at each year-end, and changes are treated as a change of estimate.

Repair and maintenance costs are expensed in the period they are incurred. Costs related to major inspections/periodic surveys will be recognised in the carrying value of the units if certain recognition criteria are satisfied. The cost will be amortised over the period to the next inspection/survey.

2.10 Leased Operating Equipment/Units
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction rather than the form of the contract, and the determination is made when the leasing agreement is entered into. Financial leases are accounted for as debt financed purchases of assets, and the annual lease payments are allocated as finance costs and amortization of the lease liability. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. For operating leases, the lease payments (i.e. a time charter hire or bareboat hire) are recorded as ordinary operating expenses or income and charged to profit and loss on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned or as expense in the period in which they are incurred.

2.14 IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date the company assesses whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Impairment only occur if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and the events affect the future cash flows and can be estimated reliably. If there is evidence for impairment of loan and receivables carried at amortized cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss is decreased, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

2.15 FINANCIAL LIABILITIES - BORROWINGS

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings and the related transaction costs are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in net profit or loss when the liabilities are de-recognised as well as through the amortization process. Borrowings containing prepayment options are evaluated to determine if these options are closely related to the cost instrument or are embedded derivatives. In assessing whether the option is closely related, the Company consider whether the exercise price is approximately equal to the amortized cost at each exercise date. Borrowings are considered "current" if they fall due within 12 months after the balance sheet date. Borrowings falling due later than 12 months after balance sheet date are considered "long term".

2.16 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is de-recognised when:

- the rights to receive cash flows from the asset have expired,
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 CASH

Cash includes cash in hand and bank deposits. Restricted cash includes cash on retention account held in relation to bond loan and deposits related to office rental.

2.18 EQUITY

(a) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability are recognised in the income statement. Amounts distributed to holders of financial instruments that are classified as equity will be recognised directly in equity. Convertible bonds and similar instruments including a liability and/or an equity element are divided into two components when issued, and these are recognised separately as a liability or equity.

(b) Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly to equity after deducting tax expenses.

2.19 PROVISIONS

A provision is recognised when the Company has a present obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

2.20 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit / (loss) for the year by the weighted average number of shares outstanding in the relevant period. Diluted earnings per share are calculated based on the if-converted method; the profit/(loss) for the Company divided by the average number of outstanding shares weighted over the relevant period and the potential number of shares converted, if the criteria for conversion is fulfilled.

2.21 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

The accounting policies adopted are consistent with those of the previous financial year. The following standards and interpretations were adopted with effect from 1 January 2017 with no implementation impact on the financial statements.

- *Amendments to IAS 7. Disclosure Initiative*
  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A separate reconciliation is included in note 10.

- *Amendments to IAS 12. Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary differences related to unrealized losses.

- *Annual improvements Cycle 2014 – 2016. Amendments to IFRS 12 Disclosure of Interests in Other entities* Clarification of the scope of disclosure requirements in IFRS 12

2.22 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective.

- *IFRS 9 Financial Instruments*
  IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and is effective from 1 January 2018 with earlier adoption permitted. IFRS 9 deals with classification, measurement, hedge accounting and impairment of financial instruments.

  Jacktel plans to adopt the new standard on the required date and will not restate comparative information. The company will apply the modified approach. The adoption of the new standard will not affect the opening balance 1 January 2018.

- *IFRS 15 Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and is effective from 1 January 2018 with earlier adoption permitted. The standard replaces existing IFRS revenue requirements. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under the new standard the revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  IFRS 15 may have impact on recognition of mobilization and demobilization fees and long-term advance payments from customers.

IFRS 15 will be adopted from January 1, 2018, but will not have an impact on the opening balance as Jacktel did not have any operating revenue in 2017.

- *IFRS 16 Leases*

  IFRS 16 was issued in January 2016 and it replaces IAS 17, IFRIC 4, SIC-15 and SIC-4. The new lease standard sets out the principles that both parties to a contract, i.e. the lessee and the lessor is required to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The standard also requires lessees and lessors to make more extensive disclosures than under IAS 17.

  The Standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, but not before IFRS 15 is applied.

  The Company will adopt IFRS 16 from January 1, 2019 and will continue to assess the potential effect on the financial statements in 2018. The Company does not have any material lease agreements and no significant impact is expected. The Company will apply the modified approach.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management bases its judgments and estimates on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The key sources of judgement and estimation of uncertainty at the balance sheet date, that have a significant risk for causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The estimates and assumptions that have the most significant impact on Jacktel's financial statements relate to depreciation and impairment assessment of the Company's assets. Management assess whether there are any indications of impairment for all non-financial assets at the reporting date. The vessel is tested for impairment when there are indications that the carrying values may not be recoverable. When value in use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. These are based on management's evaluations, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses. See note 13 for details.

Estimates and assumptions may also have impact on the depreciation of fixed assets. The management determines the expected economic useful life of the assets based on the time of acquisition and subsequent refurbishments. For details regarding depreciation periods, reference is made to section 2.9.

Management also make judgment regarding capitalization of the deferred tax asset. Currently there are no convincing evidence, accordingly no deferred tax asset is recognized. Per 31 December 2017 the tax losses carried forward amounts to 2 013 MNOK.

4. Income and Segment Information

The Company's only asset is the jack-up accommodation rig "Haven". The Company therefore has only one segment to report, which is equal to the income statement. Operating revenue in 2016 relates to the contract with Mærsk on Danish sector of the North Sea.

5. Vessel Operation cost and Other Operating Expenses

(1.000 USD)	**2017**	**2016**
Insurance	433	961
Crew	1 452	4 590
Maintenace and spares	358	1 551
Other OPEX (incl technical Management Fee)	2 445	2 276
Costs related to Mærsk contract	0	456
Cost related to LayUp and Preservation	949	1 234
Vessel operation	**5 637**	**11 069**
Consultancy fees and external personnel	337	564
Office and administrative costs	0	0
Management agreement (see note 6)	2 538	2 971
Other operating costs	28	49
Total other operating expenses	**2 903**	**3 584**

Vessel operation cost in 2017 relates to the lay-up in Eydehavn, maintenance of the vessel and preparation for the upgrade.

Specification auditor's fee

(1.000 USD)	**2017**	**2016**
Statutory audit	50	40
Tax and other services	4	17
Total auditor's fee	**54**	**58**

Auditor's fee is presented without VAT. The fee is included in Other operating expenses.

6. Salary and personnel expense and management services

There are no employees in the Company and no remuneration was paid to the Board of Directors.

The management of the Company is performed through a management services agreement with the parent company Master Marine AS providing executive management and general administration, including finance, accounting, financial reporting as well as other general services.

Bonus

In June 2017 Master Marine entered into bonus agreements with key employees, the Chairman of the Board and ten subcontractors, in total fifteen agreements. The purpose of the agreements is to avoid cost overruns and delays of the upgrade project. The employees, the Chairman and the subcontractors will together be entitled to maximum one third of any savings compared to the estimated project cost. The distribution of payable bonus will be finally determined by the Group, in its sole discretion.

The project accounts is estimated to be closed in August 2018. As of 31 December 2017, there is still an uncertainty what the total upgrade cost will be, and the Group has not provided for any bonus in the financial statements for 2017.

7. Transactions with related parties

The Company defines related parties as anyone with control or joint control of the Company and subcontractors with direct influence in the company.

Jacktel AS has a management agreement with the parent company Master Marine AS for which they have paid 2.5 MUSD during 2017 (2.9 MUSD during 2016).

Transactions with related parties can be specified as follows. Reference is also made to note 10 regarding the long-term loans.

(1000 USD)	**Year ended 31 December 2017**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Master Marine AS	2 538	20 792	248 240	270

(1000 USD)	**Year ended 31 December 2016**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Master Marine AS	2 971	16 528	140 240	899

In addition, Nordic Capital, the majority shareholder, remains committed to Master Marine and has provided a 15 MUSD direct guarantee to Statoil for the fulfilment of the Company's commitments in relation to the Johan Sverdrup contract.

8. Financial income and expenses

(1.000 USD)	**2017**	**2016**
Financial income		
Interest income	166	27
Foreign exchange gains	0	9 105
Total financial income	**166**	**9 132**
Financial expenses		
Interest expenses	-30 784	-23 861
Foreign exchange losses	-36 096	-121
Other financial expenses	-1 427	-477
Total financial expenses	**-68 307**	**-24 459**

Interest expenses relate to interest on shareholder loans from Master Marine AS (20.8 MUSD) and interest on bond loan (10 MUSD). Other financial expenses mainly consist of amortized costs related to the bond loan.

Foreign exchange losses mainly relate to the loans and cash equivalents denominated in EUR.

9. Investments and other financial instruments

Classification of financial assets and liabilities:

(1.000 USD)	2017		2016	
	Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
Financial assets				
Accounts receivable	1 656	0	0	0
Other current assets	2 357	0	1 259	0
Cash and cash equivalents	79 416	0	32 148	0
Total financial assets	**83 429**	**0**	**33 407**	**0**
Financial liabilities				
Other long term liabilities	0	423 782	0	239 129
Accounts payable	0	2 606	0	1 134
Other current liabilities	0	7 684	0	2 573
Total financial liabilities	**0**	**434 072**	**0**	**242 836**

10. Non-current liabilities

31.12.2017

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value (incl accrued interests)**
99.8 MEUR Term loan facility	Master Marine AS	99 830	119 726	12 %	181 097
65.6 MUSD Term loan facility	Master Marine AS		65 600	16 %	67 143
146 MEUR Bond loan	Nordic Trustee ASA	146 000	175 099	7 %	171 948
Total long-term interest-bearing debt		**245 830**	**360 425**		**420 188**
Prepayments from customer					3 594
Total non-current liabilities					**423 782**

Pre-payments from customer relates to reimbursable costs paid by Statoil of which the income will be recurred during the contract period, starting summer 2018.

31.12.2016

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value (incl accrued interests)**
99.8 MEUR Term loan facility	Master Marine AS	99 830	109 009	12 %	140 240
95 MEUR Bond loan	Nordic Trustee ASA	95 000	103 735	7 %	98 257
Total long term interest bearing debt		**194 830**	**212 745**		**238 497**
Prepayments from customer					632
Total non-current liabilities					**239 129**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(1.000 USD)	**Long-term interest bearing debt**
Balance as of 1 January 2017	238 497
Proceeds from borrowings	139 998
Changes from financing cash flow	139 998
Unrealized exchange loss	40 267
Amortized borrowing costs	1 426
Total liability related other changes	41 693
Balance as of 31.12.2017	**420 188**

Parent Company Loans

Jacktel has two shareholder loans provided by Master Marine in the amount of 99.8 MEUR and 65.6 MUSD. The loans carry a fixed interest rate of 12 % and 16 % respectively. The maturity date for both loans is 30 September 2019.

146 MEUR Bond loan

In July 2014 the Company signed a Bond agreement in the maximum amount of 190 MEUR of which 146 MEUR was drawn as of 31 December 2017. The maturity date is 8 July 2019 and the loan holds a fixed interest rate of 7 % payable quarterly. The loan agreement holds a minimum cash covenant of at least 5 MEUR, or 4% of the outstanding bonds. The bonds are listed on Nordic ABM. The bond loan is secured by mortgages on the vessel Haven.

11. Financial Instruments and Risk Management

Risk Management Overview

The Company operates on an international basis with cash flows and financing in different currencies. The Company is therefore exposed to market risks related to fluctuations in exchange rates and interest rates. To reduce and manage the risks, the Company periodically reviews and assesses the financial market risks, including liquidity risk and credit risk. When risks are identified, appropriate action is taken to mitigate the risk.

Operational Risk

Utilization of the accommodation vessel Haven is considered to be the largest operational risk, hence both owner and technical manager work closely together to maximize the utilization. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. Jacktel monitors the technical manager's performance on a regular basis to mitigate any operational risk.

The market remains quiet with few specific contract opportunities. In the longer term increased demand should be expected on the back of the strengthening oil price. Oil companies are currently generating strong cash flows and most fields are financially attractive at oil prices around 60 – 70 USD per barrel. Assuming the oil price remains at current level, the activity is expected to increase. Even though management is positive, there is a significant risk in terms of utilization and rates after the contract with Statoil.

Currency Risk

Due to the fact that the revenue is denominated in USD, the Company changed its functional currency from EUR to USD with effect from 1 January 2016. The Company aim to minimize the currency risk by balancing, to the extent possible, the currencies of different types of assets and liabilities as well as balancing revenues against expenses. Part of the long-term debt is denominated in EUR.

The Company may reduce the currency risk generated from operational cash flows by using derivatives. However, Jacktel has not entered into any derivative agreements in 2016 or 2017. All currency trade has been made on spot basis.

	+/- USD/EUR	**Profit before tax** ***(1.000 USD)***	**Equity** ***(1.000 USD)***
2017	5%	16 964/-18 745	0/-0
2016	5%	9 111/-10 070	0/-0

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing debt includes the Bond loan and the shareholder loans from Master Marine AS. The interest rate is fixed for all loan facilities.

Credit Risk

Credit risk is the risk that a counterparty will not be able to meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions.

The Company is continuously monitoring the credit risk. The risk is however considered low since the customers are typically major oil companies with high credit ratings and operating in the North Sea.

As of 31.12.2017 there is no objective evidence indicating that the accounts receivable is impaired and no impairment losses have been recognized in the income statement. The Company has no receivables exceeding due date. The vessel is currently not in operation and the credit risk is considered low.

Credit risk from balances with banks and financial institutions is managed in accordance with Company policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Credit assessment of sub-contractors and suppliers is part of Jacktel's project evaluations and risk analysis.

Liquidity Risk

The liquidity risk is mainly related to potential loss of day rate due to down time on "Haven". The Company makes active use of a system for planning and forecasting to secure stable cash flow and liquidity sufficient to meet its obligations.

Following the award of the Johan Sverdrup contract, the Company has undertaken to upgrade Haven to prepare for the contract. The work is executed by Lamprell. Expected cost of the upgrade is approximately 117 MUSD and will be more than recovered over the firm 18 months contract period with Statoil. In connection with the upgrade, Jacktel has entered into an 86 MUSD turnkey contract with Lamprell. The payment structure is based on milestones, and the last instalment of approximately 35 MUSD is payable in May 2018.

The table below summarizes the maturity profile of the Company's financial liabilities:

At 31.12.2017 *(1.000 USD)*	Less than 3 months	3 to 12 months	1 to 2 years	2 to 3 years	Thereafter	Total
Bond loan	2 555	7 665	179 613	0	0	**189 833**
Parent company loans	0	0	354 299	0	0	**354 299**
Trade and other payables	6 664	0	0	0	0	**6 664**
Sum	9 219	7 665	533 912	0	0	**550 796**

At 31.12.2016 *(1.000 USD)*	Less than 3 months	3 to 12 months	1 to 2 years	2 to 3 years	Thereafter	Total
Bond loan	1 729	5 188	6 917	103 997	0	**117 831**
Parent company loans	0	0	0	193 933	0	**193 933**
Trade and other payables	2 189	0	632	0	0	**2 821**
Sum	3 919	5 188	7 549	297 930	0	**314 585**

Interest on the parent company loans is accrued and transferred to the principal amount on a quarterly basis and will be paid at the maturity date. Contractual obligations in 2018, ref note 14, is included in the amount to be paid within two years.

Financial instrument or derivatives risk

The Company may use financial instruments and derivatives to manage its financial risks, including spot contracts for buying and selling currencies. Spot contracts are mainly used to sell EUR and USD and buy NOK to pay operational expenses. The Company has not entered into any swaps or forward contracts in 2017.

Financial assets and liabilities risk

Set out below is a comparison by category for carrying amounts and fair values of all the Company's financial assets and liabilities that are carried in the financial statements. The estimated fair value amounts have been determined by management, using appropriate market information and valuation methodologies based on IFRS level 1-3 hierarchy.

	31.12.2017				31.12.2016			
	Fair value measurement using:				Fair value measurement using:			
(1.000 USD)	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
Other current assets	0	0	4 013	4 013	0	0	1 259	1 259
Cash and cash equivalents	0	79 416	0	79 416	0	32 148	0	32 148
Total financial assets	**0**	**79 416**	**4 013**	**83 429**	**0**	**32 148**	**1 259**	**33 407**
Long term liabilities	0	0	248 240	248 240	0	0	140 240	140 240
Bond loan	171 948	0	0	171 948	88 495	0	0	98 257
Accounts payable	0	0	2 606	2 606	0	0	1 134	1 134
Prepayments customer	0	0	5 296	5 296	0	0	632	632
Other current liabilities	0	0	5 982	5 982	0	0	2 574	2 574
Total financial liabilities	**171 948**	**0**	**262 124**	**434 072**	**88 495**	**0**	**144 580**	**242 837**

The bond loan is listed on Oslo Stock Exchange and the fair value is based on prices per December 2017 and December 2016 respectively. The carrying amount of cash and cash equivalents, other current assets and liabilities and prepayments is a reasonable estimate of their fair value. Fair value of long-term liabilities is based on amortized cost.

Capital management

The primary objective of the capital management is to ensure that the Company maintains a satisfactorily capital structure in line with the risk of the business. The capital is defined as the total of shareholder's equity and long-term debt. The capital structure is monitored on a regular basis based on selected indicators.

The Company manages its excess liquidity from loan and equity with low risk placements. All financial capital is currently placed on deposits with first class banks with investment grade rating in Norway.

12. INCOME TAX

(1.000 USD)	**2017**	**2016**
Tax payable	0	0
Changes in deferred tax	0	0
Income tax expense	**0**	**0**
Tax payable for the year	0	0
Correction of previous years current income taxes	0	0
Total tax payable	**0**	**0**

Reconciliation of the effective tax rate and nominal tax rate applicable to Jacktel AS:

(1.000 USD)	**2017**	**2016**
Pre-tax profit/(loss)	**-91 905**	**-29 437**
Expected income taxes according to income tax rate 24 % (25 % in 2016)	-22 057	-7 359
Currency effect	-22	-1 146
Changes in deferred tax asset not recognized in the balance sheet	22 079	2 559
Other	0	5 947
Income tax expense	**0**	**0**

Deferred tax and deferred tax assets:

(1.000 USD)	**2017**	**2016**
Deferred tax assets		
Long term liabilities at amortized cost	-725	-251
Vessels, plant and equipment	23 902	6 102
Tax losses carried forward	56 430	34 546
Non-deductible interest expenses carried forward*	19 338	14 331
Net unrecognized deferred tax asset	**98 945**	**54 728**

** Interest expenses paid to related parties is deductible for tax purposes only to a certain extend. Non-deductible interest expenses could be carried forward for 10 years. As of 31 December 2017 Jacktel has an unrecognized tax asset of 19.3 MUSD related to non-deductible interest which can be carried forward.*

13. Non-current assets

Vessels, plant and equipment

Depreciation is based on the economic life of the asset using a straight-line depreciation method. As of the balance sheet date, the Company's main asset was the accommodation vessel Haven.

	2017		2016	
(1.000 USD)	Vessel	Total	Vessel	Total
Accumulated cost 1 January	574 815	574 815	568 679	568 679
Disposals	0	0	0	0
Additions	28 937	28 937	6 136	6 136
Accumulated cost 31 December	**603 752**	**603 752**	**574 815**	**574 815**
Accumulated depreciation 1 January	-290 539	-290 539	-275 443	-275 443
Depreciation	-15 225	-15 225	-15 096	-15 096
Impairment	0	0	0	0
Accumulated depreciation and impairment 31 December	**-305 764**	**-305 764**	**-290 539**	**-290 539**
Currency translation				
Carrying value 31 December	**297 988**	**297 988**	**284 277**	**284 277**

The capitalized amount for 2017 relates to installation of automatic greasing system, new lifeboats and the upgrade for the Johan Sverdrup project.

In addition, a prepayment to Lamprell of 52.7 MUSD has been made. The payment is classified as prepaid construction cost.

Impairment

At each reporting date, an assessment in accordance with IAS 36.9 is carried out whether internal or external information indicates a potential fall in the value of non-current assets. Due to the current market outlook and the uncertainty regarding future contracts, management has carried out an impairment assessment for "Haven". The assessment is based on the value in use principle and on assumptions and projections at the time of approving the financial accounts of 2017.

Value of "Haven" accommodation unit

The assessment concluded that no impairment is required. External broker evaluations obtained as of 31 December 2017 support the conclusion.

The book value of "Haven" including the prepayments to Lamprell, amounts to 351 MUSD as of 31st December 2017.

The impairment test is based on the following assumptions:

- Pre-tax discount rate: 10.61 %
- Day rates after the Johan Sverdrup contract: 220,000 USD
- Utilization after the Johan Sverdrup contract: 88 %
- Yearly growth rate 2 %

Given changes in the above stated assumptions, the impact on the financial statement would be:

- Pre-tax discount rate (percentage points): +1 % No impairment required
- Rates at the end of contract period: -10 % Impairment of 2 MUSD required
- Utilization (percentage points): -5 % No impairment required

14. CONTRACTUAL OBLIGATIONS

(1.000 USD	**2017**	**2016**
2017	NA	48 552
2018	42 254	42 254
2019	0	0
2020	0	0
2021	0	0
2022	0	0
Total	**42 254**	**90 806**

The table discloses contractual obligations for the Company the next five years at balance sheet date. Obligations in 2018 relates to committed amount per 31.12.2017 for the Johan Sverdrup upgrade project.

15. OTHER CURRENT ASSETS

(1.000 USD)	**2017**	**2016**
Accounts receivable	1 656	30
Pre-paid expenses	412	621
Other current assets	685	147
VAT refund	1 260	461
Total other current assets	**4 013**	**1 259**

16. CASH

(1.000 USD)	**2017**	**2016**
Cash and bank deposits	41 868	30 989
Restricted cash	37 548	1 159
Cash and cash equivalents in the balance sheet	**79 416**	**32 148**

Restricted cash relates to deposits for interest on Bond Loan and the last milestone payment to Lamprell.

17. EARNINGS PER SHARE

The basic earnings per share are calculated as the ratio of the profit (loss) for the year attributable to shareholders divided by the weighted average number of ordinary shares outstanding during the financial year.

	2017	2016
Average number of shares outstanding	50 000 000	50 000 000
Effect of dilutive potential ordinary shares:		
Diluted average number of shares outstanding	50 000 000	50 000 000
Loss for the year	**-91 904**	**-29 437**

Earnings per share:	**2017**	**2016**
- Basic	-1,84	-0,59
- Diluted	-1,84	-0,59

18. SHARE CAPITAL AND SHAREHOLDER INFORMATION

Number of shares:

	2017	2016
Ordinary shares		
At 1 January	50 000 000	50 000 000
At 31 December	**50 000 000**	**50 000 000**

All shares are owned by Master Marine AS. The nominal value per share is NOK 3.

For calculation of earnings per share and diluted earnings per share reference is made to Note 17.

19. OTHER CURRENT LIABILITIES

(1.000 USD)	**2017**	**2016**
Trade accounts payables	2 606	1 134
Prepayments from customer	1 702	0
Other current liabilities	5 982	2 574
Total	**10 290**	**3 708**

Other current liabilities consist mainly of accrued interest and provision for cost incurred, but not paid.

20. LEGAL DISPUTES

The Company has currently no significant legal disputes.

21. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have taken place after the balance sheet date.

Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Jacktel AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Jacktel AS, which comprise the statement of financial position as at 31 December 2017, statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

A member firm of Ernst & Young Global Limited

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 April 2018
ERNST & YOUNG AS

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

A member firm of Ernst & Young Global Limited