JACK TEL

INTERIM REPORT

Q1 2016

Highlights First Quarter 2016

- Extension of current charter with Maersk Oil and Gas. The firm extension period is from 1 April until 31 May 2016. Thereafter the contract can be extended with additional 2 months, with short termination notice for convenience.
- In January 2016 the rig reached the milestone of 2000 days of operation without any LTI's.
- Haven continued its flawless operation delivering 100% uptime to clients since commencement of operation in 2011.

Operations

HAVEN continued its operations at the Dan F field offshore Denmark. During the quarter, the rig continued to deliver strong operational results, with zero LTI's and 100 % uptime. Operation during first quarter has been satisfactory with zero lost time incidents. The rig celebrated 2000 days without any Lost Time Incidents (LTI) in January 2016.

The project related to the preparation of Haven for operation at Johan Sverdrup is progressing according to plan. An invitation to tender for the upgrade of the rig was issued to a selection of yards. Based on the response to the ITT, a fabrication yard/installation yard will be selected during Q3 2016. The rig will be moved to the selected yard late Q3 2017.

Financial

(Figures in brackets refer to the corresponding period of 2015)

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) and IFRIC as approved by the European Union. From 1 January 2016, the company changed the functional and reporting currency from EUR to USD (United States Dollars). All figures in this report are in USD and comparable figures from 2015 are transferred from EUR to USD.

Operating income for the first quarter was 7.1 MUSD (24 MUSD), where all was related to the contract with Maersk Oil & Gas. Operating expenses were 3.9 MUSD (6.9 MUSD), of which 3.1 MUSD relates to vessel OPEX and 0.8 MUSD relates to various engineering services and management fee to Jacktel's parent, Master Marine AS. This resulted in an EBITDA of 3.1 MUSD (17.1 MUSD) and an operating loss of 14.5 MUSD (profit of 3.4 MUSD).

Net financial expenses for first quarter equaled 13.9 MUSD (24.6 MUSD), of which 1.8 MUSD relate to interest payable on the bond loan and 3.9 MUSD relate to interest accrued on shareholder loans. The remaining 8 MUSD refer to unrealized foreign exchange loss on debt denominated in Euros.

Net loss for the first quarter equaled 14.5 MUSD (profit of 3.4 MUSD).

Finance

The company has currently one outstanding bond amounting to 95 MEUR. The bond loan carries a coupon of 7% and is secured by a 1st lien mortgage on Haven. The bond loan has a term of 5 years and expires on 8 July 2019. The company also has a shareholder loan as further specified in note 5.

Valuation

The value of Haven is linked to the development in the offshore oil and gas industry. The contract with Mærsk Oil and Gas has been extended and the company is optimistic that Haven will get further work in 2016. Should the company fail to win further contracts for Haven, securing high utilization throughout 2016 and the first 9 months of 2017, the rig will be laid up in order to preserve the company's liquidity and cash position. Expected cost during lay-up is around USD 10.000 per day. Higher cost is however likely in the first period of the lay-up due to preservation of equipment and right sizing of crew.

The Board consider that the value of Haven remains unchanged in Q1 2016 in light of the impairment booked in 2015.

Cash flow and liquidity
The cash flow from operating activities during the first quarter is mainly a result of net contribution from charter hire and changes in working capital.

Cash flow from investing activities refer to various projects and 5 year class work. Cash flow from financing is interest payment on external bond loan.

The Board of Directors considers the company's liquidity position to be adequate and confirms that the assumption of going concern forms the basis for the first quarter financial statements. The company has long term financing in place and the current contract secures the company positive cash flow from operations until end of May 2016.

Risk
The company is exposed to general business market risk, credit risk on its one customer, currency risk and revenue risk after the current charter hire contract expires in May/June 2016. The credit risk of the current customer is considered marginal. Further commitments for Haven is secured from June 2018 for 18 months through a charter contract with Statoil for the Johan Sverdrup project. The company continues to focus on securing new charter contracts for the period between the expiry of the Maersk contract and the commencement of the yard stay late Q3 2017. Future changes in prices and utilization of the unit may impact the valuation of the asset.

Future Prospects

Future prospects for the company is highly dependent upon the E&P companies' maintenance projects and willingness to invest in new production. As a result of the downturn in the market, the oil and gas industry has, on a general basis, been through a significant cost cutting exercise. As a consequence, several projects will be financially viable to develop even in a lower oil price regime. As such, the cost cutting exercises the industry has been through is likely to have a positive impact on the activity level in the medium to longer term.

The market is expected to remain challenging in the short to mid-term. In the longer term, demand is expected to increase, driven by an increasing and aging install-base in the North Sea. Further, oil companies have now postponed maintenance projects for several years and it is expected that this will result in a higher maintenance activity once the oil price stabilizes at a sustainable level. An increased maintenance activity will have a positive impact on demand for bed capacity. The company believes Haven has comparative advantages for year around operation in harsh environment and remain confident that the unit should achieve a high utilization also in a more difficult market.

Statement from the Board of Directors and CEO

We confirm that, to the best of our knowledge, the un-audited financial statements for the fourth quarter of 2015, which have been prepared in accordance with IAS 34 Interim Financial Statements, give a true and fair review of the company's assets, liabilities, financial position and profit and loss of the company.

Oslo, 27 May 2016

Bjørn Henriksen
(Chairman)

Thomas Eik Gabestad

Kjetil Bollestad
CEO
Jacktel AS

Condensed Income Statement

In USD 1,000'	Non-audited Q1-2016	Non-audited Q1-2015	Restated 2015
Operating income	7 079	23 987	66 238
Operating expenses	-3 966	-6 869	-30 837
EBITDA	**3 113**	**17 118**	**35 541**
Depreciation	-3 681	-4 418	-16 302
Impairment	-	-	-76 179
OPERATING PROFIT- EBIT	**-568**	**12 701**	**-56 940**
Interest income	4	1	9
Interest expenses	-5 793	- 8 761	-25 308
Other financial income		-	
Other financial expenses	-8 184	-565	-98
NET FINANCIAL ITEMS	**-13 973**	**-9 326**	**- 25 397**
PROFIT/(LOSS) BEFORE TAX	**-14 541**	**3 375**	**-82 338**
Income tax expense (benefit)	-	-	-
NET PROFIT (LOSS)	**- 14 541**	**3 375**	**-82 338**

In USD 1,000'	Non-audited Q1-2016	Non-audited Q1-2015	Restated 2015
Net profit this period	-14 541	3 375	-82 338
Other comprehensive income	-	-	
COMPREHENSIVE INCOME	**-14 541**	**-3 375**	**-82 338**
Earnings per share:			
- Basic	-0,29	0,07	-1,65
- Diluted	-0,29	0,07	-1,65

Statement of Financial Position

In USD 1,000'	Non-audited 31.03.2016	Non-audited 31.03.2015	Restated 31.12.2015	Restated 31.12.2014
ASSETS				
Non-current assets:				
Property, plant and equipment	290 261	369 504	293 235	422 193
Total non-current assets	**290 261**	**369 504**	**293 325**	**422 193**
Current assets:				
Accounts receivable	2 443	13 312		
Other current assets	2 179	591	10 669	10 821
Cash and cash equivalents	62 141	45 146	53 841	44 192
Total current assets	**66 763**	**59 050**	**64 509**	**55 013**
TOTAL ASSETS	**357 024**	**428 554**	**357 745**	**477 206**
EQUITY AND LIABILITIES				
Equity:				
Issued capital	19 630	23 018	23 018	16 463
Share premium	101 787	197 445	115 108	52 559
Uncovered loss	-14 541	3 375		
Currency translation reserve		-20 742	-16 709	- 5 704
Accumulated OCI				
Total equity	**106 877**	**203 096**	**121 417**	**63 318**
Non-current liabilities:				
Shareholder loans	139 783	117 366	154 566	286 928
Other interest-bearing debt	106 681	100 383	113 747	113 319
Total long-term liabilities	**246 464**	**217 749**	**232 374**	**400 247**
Current liabilities:				
Accounts payable	738	774	1 036	753
Prepayments customers	0	3 275		6 514
Other current liabilities	2 945	3 659	2 917	6 374
Total current liabilities	**3 683**	**7 708**	**3 953**	**13 641**
Total liabilities	**250 147**	**225 458**	**236 327**	**413 888**
TOTAL EQUITY AND LIABILITIES	**357 024**	**428 554**	**357 745**	**477 206**

Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Uncovered loss	OCI reserve*	Total equity
Equity as at January 1, 2015	**16 463**	**52 559**		**-5 704**	**63 318**
Share issues	6 555	144 886			151 441
Net income (loss)		-82 338			-82 338
Currency translation differences				-11 005	11 992
Equity as at December 2015	**23 018**	**115 108**		**-16 709**	**121 417**
Opening balance adjustment*	-3 389	-13 320		16 709	-
Net income (loss)			-14 541		-14 541
Equity as at March 2016	**19 630**	**101 787**	**-14 451**	**0**	**106 877**

*Ingoing balance Other comprehensive income reserve is entirely related to translating comparatives in functional currency EUR to USD presentation currency. Opening balance adjustment at 1.1.2016 is related to the change of functional currency from EUR to USD from January 1, 2016.

Cash flow Statement

In USD 1,000'	Q1-2016	Q1-2015	2015	3M-2016	3M-2015
Net profit/(loss)	-14 541	3 375	-82 338	-14 541	3 375
Depreciation and Impairment	3 681	4 418	92 481	3 681	4 418
Other adjustments non-cash items	-	-	-	-	-
Net interest	13 977	9 326	23 562	13 977	9 326
Changes in working capital	7 705	- 8 845	- 6 509	7 705	- 8 845
Net cash from operating activities	**10 822**	**8 274**	**27 196**	**10 822**	**8 274**
Cash flow from investing activities					
Aquisition of fixed assets	-706	-84	-5 559	-706	-84
Interest received	-	-	9	-	-
Net cash from investing activities	**-706**	**-84**	**-5 550**	**-706**	**-84**
Cash flow from financing activities					
Interest paid	-1 815	-1 872	-7 342	-1 815	-1 872
Net cash from financing activities	**-1 815**	**- 1 872**	**- 7 342**	**-1 815**	**- 1 872**
Net change in cash and cash equivalents	8 300	6 317	14 304	8 300	6 317
Cash and cash equivalents, opening balance	53 841	40 935	40 133	53 841	40 935
Effects of currency translation on cash and cash equivalents		-2 106	-596		-2 106
Cash and cash equivalents, closing balance	**62 141**	**45 146**	**53 841**	**62 141**	**45 146**

Notes to the interim report

1. General information

Jacktel AS is a 100% subsidiary of Master Marine AS, parent company in the Master Marine Group, located at Rosenkrantzgate 18 in Oslo, Norway. The Company, which was established in 2009, specializes in offshore accommodation and is the owner of the HAVEN jack up accommodation unit.

2. Basis of presentation

The financial statements of Jacktel have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 Interim Financial Reporting, and interpretations adopted by the International Accounting Standards Board (IASB) and IFRIC as approved by the European Union ("EU"), as well as the additional relevant requirements under the Norwegian Accounting Act. The financial statements are prepared on a going concern basis and should be read in conjunction with the Company's financial statements as at 31 December 2015.

The functional currency of the company has been changed to USD as of 1 January 2016 mainly due to current charter contracts being denominated in USD and that it is expected that future contracts and investments will be in USD.

3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements and accompanying notes for the financial year ended 31st December 2015.

As a consequence of the change in functional currency, the company also changed its presentation currency for the accounts from EUR to USD with effect from 1 January 2016. At this date, all assets, liabilities and equity balances have been translated to the new functional currency with opening foreign exchange rates at 1 January 2016. The comparatives have been restated in the following matter:

- Share capital, share premium and other reserves are translated at the historic rates prevailing at the dates of the transactions.
- Retained earnings/uncovered loss have been translated at the rate of the transactions, however using average foreign exchange rates as a practical approach
- Currency translation adjustments have been posted towards other comprehensive income (foreign currency translation reserve).

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS, of which 0.7 MUSD has been paid per 1st quarter 2016.

5. Debt overview

31.03.2016

(1.000 USD) **Description**	**Lender**	**Interest rate**	**Book value USD (incl accrued interests)**
99,8 MEUR Term loan facility	Master Marine AS	12 %	139 783
95 MEUR Bond loan *	Nordic Trustee ASA	7 %	106 681
Total interest bearing debt			**246 464**

Book value of the Bond loan is netted with costs to be accrued over the loan's lifetime.

6. Non-current assets

(1.000 USD)	Non-audited Q1 2016	Non-audited YTD 2016	2015
IB	293 235	293 235	422 194
Additions	706	706	5 600
Disposals	0	0	0
Depreciation	-3 681	-3 681	-16 326
Impairment	0	0	-77 204
Currency translation			-41 029
UB	**290 261**	**290 261**	**293 235**

The Company's only non-current asset is the accommodation rig Haven.