INTERIM REPORT

Q1 2017

Highlights First Quarter 2017

Operations

Haven is laid-up at the Nymo yard in Eydehavn, and will remain in Eydehavn until being relocated to CCB outside Bergen, where she will undergo necessary work in preparation for the Johan Sverdrup contract.

The project related to the preparation of Haven for operation at Johan Sverdrup is progressing according to plan and budget. The work is planned to be completed spring 2018, well ahead of the mobilization to the field in June 2018.

The company has, over the last few months, spent considerable resources on reviewing the rig, to ensure she is compliant with client and government expectations. Certain weaknesses have been identified, and operational and compliance related repairs and maintenance will be performed during Q2 and Q3, 2017. Expected expenditures are in line with previous guiding. The work is related to the following:

- Rig system modification for Statoil
- Internal rig system modifications
- Change out of Lifeboats & Davits

Due to high activity from May until September the regular manning will increase from 3 to 7 persons on-board, effective from 1 May. The increased crew is HSE and logistic related, and is a result of the increased project activity on board the unit. As a consequence, the daily cost is expected to increase by approximately 4.000 USD, of which parts of this will be capitalized.

The daily OPEX during Q1 was around USD 11.000 per day.

Financial

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.

Quarterly figures, Q1 2017
(Figures in brackets refer to the corresponding period of 2016)

Operating expenses were 2 MUSD (3.9 MUSD), of which 1.3 MUSD relates to vessel OPEX and 0.7 MUSD relates to various engineering services and management fee to Jacktel's parent company, Master Marine AS. This resulted in an EBITDA of -2.0 MUSD (3.1 MUSD) and an operating loss of 5.8 MUSD (loss of 0.6 MUSD).

Interest expense for the first quarter equaled 6.1 MUSD (5.8 MUSD), of which 1.8 MUSD relate to interest payable on the bond loan and 4.3 MUSD relate to interest accrued on shareholder loans. Unrealized foreign exchange loss on debt denominated in Euros of 5.6 MUSD.

Net loss for the first quarter totaled to 17.6 MUSD (loss of 14.5 MUSD).

Finance
The company had during Q1 2017 one outstanding bond loan 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. In addition, the company has a shareholder loan which is further specified in note 5.

Following the award of the turnkey contract for the upgrade of Haven, the company has, during May 2017, finalized the financing process, resulting in a second tap on the existing bond loan of 51 MEUR. Net proceeds was 48.6 MEUR. The total nominal amount outstanding, following the tap, will be MEUR 146.

Furthermore, a MUSD 81 second lien callable bond has been issued by the parent company Master Marine. The net proceeds is available to Jacktel to complete the ongoing upgrade projects. The credit arrangements will expire after the expiry of the MEUR 146 first lien bond issued by Jacktel. The company is now fully financed up until the commencement of the Statoil contract June 2018.

Cash flow and liquidity Q1 2017
The negative cash flow from operating activities during the first quarter is mainly a result of expenses related to the lay-up of Haven.

Cash flow from investing activities refers mainly to the Johan Sverdrup project.

Cash flow from financing activities relates to interest payment on the external bond loan.

Risk
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. 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.

Future Prospects

The market continues to remain soft, with few substantial demands for additional bed capacity identified in the short to medium term.
We have however, over the past few months, seen increased tendering activity within the drilling market. This is seen as an early sign of a general recovery of the activity level within the oil & gas industry. Furthermore, new possible field developments continues to be identified. Some of these have passed important milestones and decision gates, and are expected to have a positive impact on demand for accommodation services from 2020 and onwards.

Oslo, 7 June 2017

Bjørn Henriksen
(Chairman)

Helge Ystheim
CEO
Jacktel AS

Condensed Income Statement

In USD 1,000'	Note	Un-audited Q1-2017	Un-audited Q1- 2016	Audited 2016
Operating income		-	7 079	15 640
Operating expenses		-2 005	-3 966	-14 654
EBITDA		**-2 005**	**3 113**	**986**
Depreciation	6	-3 784	-3 681	-15 096
Impairment		-	-	-
OPERATING PROFIT- EBIT		**-5 789**	**-568**	**-14 110**
Interest income		1	4	27
Interest expenses		-6 072	-5 793	-23 861
Other financial expenses		-5 701	-8 184	8 507
NET FINANCIAL ITEMS		**-11 772**	**-13 973**	**-15 327**
PROFIT/(LOSS) BEFORE TAX		**-17 561**	**-14 541**	**-29 437**
Income tax expense (benefit)			-	-
NET PROFIT (LOSS)		**-17 561**	**-14 541**	**-29 437**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q1-2017	Un-audited Q1- 2016	Audited 2016
Net profit this period	-17 561	-14 541	-29 437
COMPREHENSIVE INCOME	**-17 561**	**-14 541**	**-29 437**
Earnings per share:			
- Basic	-0,35	-0,29	-0,59
- Diluted	-0,35	-0,29	-0,59

Condensed Statement of Financial Position

In USD 000'	Note	Un-audited 31.03.2017	Un-audited 31.03.2016	Audited 31.12.2016	Audited 31.12.2015
ASSETS					
Non-current assets:					
Property, plant and equipment	6	283 092	290 261	284 276	293 235
Prepaid construction cost		17 134	-	17 134	
Total non-current assets		**300 226**	**290 261**	**301 411**	**293 235**
Current assets:					
Accounts receivable		76	2 443	30	4 833
Other current assets		1 570	2 179	1 229	5 835
Cash and cash equivalents		27 326	62 141	32 148	53 841
Total current assets		**28 973**	**66 763**	**33 407**	**64 509**
TOTAL ASSETS		**329 199**	**357 024**	**334 817**	**357 744**
EQUITY AND LIABILITIES					
Equity:					
Issued capital		19 630	19 630	19 630	23 018
Share premium		72 351	101 787	72 351	115 108
Uncovered loss		-17 561	-14 541		0
Currency translation reserve					-16 709
Total equity		**74 420**	**106 877**	**91 981**	**121 417**
Non-current liabilities:					
Shareholder loans	5	148 372	139 783	140 240	130 163
Other interest-bearing debt	5	101 033	106 681	98 257	102 212
Prepayments customers		1 102	-	632	
Total long-term liabilities		**250 507**	**246 464**	**239 129**	**232 374**
Current liabilities:					
Accounts payable		1 680	738	1 134	1 036
Other current liabilities		2 592	2 945	2 573	2 917
Total current liabilities		**4 272**	**3 683**	**3 708**	**3 953**
Total liabilities		**254 780**	**250 147**	**242 837**	**236 327**
TOTAL EQUITY AND LIABILITIES		**329 199**	**357 024**	**334 817**	**357 744**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Uncovered loss	Total equity
Equity as at January 1, 2016	**19 630**	**101 787**	**-**	**121 417**
Net income (loss)			-14 541	-14 541
Equity as at March 2016 (Un-audited)	**19 630**	**101 787**	**-14 541**	**106 877**
Net income (loss)		-29 437	14 541	-14 896
Equity as at December 2016 (Audited)	**19 630**	**72 351**	**-**	**91 981**
Net income (loss)			-17 561	-17 561
Equity as at March 2017 (Un-audited)	**19 630**	**72 351**	**-17 561**	**74 420**

Cash Flow Statement

In USD 1,000'	**Un-audited Q1-2017**	**Un-audited Q1-2016**	**Audited 2016**
Net profit/(loss)	-17 561	-14 541	-29 437
Depreciation and Impairment	3 784	3 681	15 096
Unrealized foreign exchange differences related to cash and financing activities	5 590	7 666	-9 358
Net interest	6 077	5 980	24 110
Changes in working capital	435	5 777	9 853
Net cash from operating activities	**-1 675**	**8 563**	**10 264**
Cash flow from investing activities			
Prepayment Upgrade of Haven- Lamprell			-17 134
Prepayment from customer			632
Aquisition of fixed assets	-2 599	-706	-6 825
Interest received	1	4	27
Net cash from investing activities	**-2 599**	**-702**	**-23 301**
Cash flow from financing activities			
Interest paid	-1 760	-1 830	-7 218
Net cash from financing activities	**-1 760**	**-1 830**	**-7 218**
Net change in cash and cash equivalents	-5 594	6 031	-20 821
Net foreign exchange differences	773	2 269	-871
Cash and cash equivalents, opening balance	32 148	53 841	53 841
Cash and cash equivalents, closing balance	**27 326**	**62 140**	**32 148**

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 2016.

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 2016. No new standards with impact on the financial statement have been implemented with effect for Q1 2017.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS, of which 0.6 MUSD (0.7 MUSD) has been paid per first quarter 2017.

5. Debt overview

31.03.2017

(1.000 USD) **Description**	**Lender**	**Nominal amount EURO**	**Nominal amount USD**	**Interest rate**	**Book value (incl accrued interests) USD**
99,8 MEUR Term loan facility	Master Marine AS	99 830	104 352	12 %	148 372
95 MEUR Bond loan *)	Nordic Trustee ASA	95 000	99 303	7 %	101 033
Total interest bearing debt - USD					**249 405**

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

For further information regarding financing, see Financial, under section Finance.

6. Non-current assets

(1.000 USD)	**Un-audited Q1 2017**	**Audited 2016**
IB	284 276	293 235
Additions	2 599	6 136
Disposals	0	0
Depreciation	-3 784	-15 096
Impairment	0	0
UB	**283 092**	**284 276**

The Company's only non-current asset is the accommodation rig Haven.
Haven is currently in lay-up for modifications and upgrading related to future charter contract with Statoil.