JACK TEL

INTERIM REPORT

Q1 2018

First Quarter 2018

Operations

The upgrade project is progressing according to plan and budget and is expected to be finalized early June, well ahead of the commencement of the Johan Sverdrup contract.

In addition to finalizing the upgrade, the main focus is operational preparedness, which includes recruitment of crew, training etc. Current manning onboard Haven is 18, which is according to plan. The number will gradually increase to 22.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q1 2018
(Figures in brackets refer to the corresponding period of 2017)

Due to the upgrade project there is no operating revenue in Q1 2018. Operating expenses equaled 0.7 MUSD (2 MUSD), of which 0.6 MUSD relates to management fee to the parent company, Master Marine AS. After deducting depreciation of 3.8 MUSD (3.8 MUSD) the operating loss for Q1 amounted to 4.5 MUSD (5.8 MUSD).

Interest expenses amounted to 11.5 MUSD (6.1 MUSD), of which 3.2 MUSD relates to interest expenses payable on the bond loan and 8.3 MUSD relates to interest expenses accrued on shareholder loans. Only interest expenses referring to the Jacktel bond loan are payable. Unrealized foreign exchange loss on the loans denominated in EUR amounted to 11.6 MUSD of which 5.8 MUSD relates to the bond loan and 5.8 MUSD relates to the shareholder loans.

Net loss for the Q1 equaled 27.6 MUSD (loss of 17.6 MUSD).

Upgrade costs capitalized in Q1 amounted to 7.9 MUSD.

Another 10 MUSD has been drawn under the existing shareholder loan facility. For details, reference is made to note 5. The maturity date for the shareholders loan is 30 September 2019 and for the bond loan 8 July 2019.

As of 31st March 2018 the total equity is negative by 27.5 MUSD, reference is made to the section Going Concern.

Cash flow and liquidity Q4 2017
As expected, the Company generated a negative cash flow of 7,1 MUSD for the quarter and will continue to generate negative cash flow until the commencement of the Johan Sverdrup contract in Q2 2018. As a result of the contract, the net debt will be significantly reduced over the next 18 months. The liquidity reserve as of 31st March amounted to 72.3 MUSD.

Going concern
The Johan Sverdrup contract is commencing in June 2018. 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 Group able to meet its running obligations including paying interest on long-term debt. Further, Statoil 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 shareholder loan is subordinated other loans. The three loans mature in 2019 and the agreements also give Jacktel right to refinance before maturity date. A refinancing to reduce the interest costs and change the currency from EUR to USD to reduce the currency risk, is considered on a continuous basis. The commencement of the Johan Sverdrup contract and a successful operation will increase Master Marine's possibilities to obtain improved terms if current external debt is refinanced. Board of Directors expects that Jacktel will make a net profit before tax the coming years 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 for Q1 2018.

Risk
The company is exposed to general market risk, credit risk, currency risk and revenue risk. Credit risk related to the Statoil contract is considered low. Currency risk is considered acceptable as the cost of the main upgrade project is in the same currency as the charter rate, USD. The main currency risk is related to the bond loan and the shareholder loan denominated in EUR.
Long term commitment, for Haven, is secured from June 2018 for 18 months through the contract with Statoil for the Johan Sverdrup project. Future changes in day rates and utilization of the unit may impact the valuation of the vessel.

Future Prospects

There are no significant changes in the market situation in Q1 2018. The market continues to remain soft with few substantial demands for additional bed capacity identified in the short to medium term. There are however some early signs of recovery and the oil price is still strengthening. The Board of Directors is therefore positive in respect of the demand for Jacktel's services in the longer term.

Haven has secured utilization until the end of 2019 and Statoil has options for continued use of the rig after the firm 18 months period. The rig will therefore not be available for other opportunities until 2020 at the earliest.

Oslo, 26th April 2018

Bjørn Henriksen
Chairman

Helge Ystheim
CEO

Condensed Income Statement

In USD 1,000'	Note	Un-audited Q1-2018	Un-audited Q1-2017	Audited 2017
Operating expenses		-735	-2 005	-8 539
EBITDA		**-735**	**-2 005**	**-8 539**
Depreciation	6	-3 806	-3 784	-15 225
OPERATING LOSS- EBIT		**-4 542**	**-5 789**	**-23 764**
Interest income		87	1	166
Interest expenses		-11 488	-6 072	-30 784
Other financial expenses		-11 653	-5 701	-37 523
NET FINANCIAL ITEMS		**-23 055**	**-11 772**	**-68 141**
PROFIT/(LOSS) BEFORE TAX		**-27 596**	**-17 561**	**-91 905**
NET PROFIT (LOSS)		**-27 596**	**-17 561**	**-91 905**

Statement of Comprehensive Income

In USD 000'	Un-audited Q1-2018	Un-audited Q1-2017	Audited 2017
Net profit this period	-27 596	-17 561	-91 905
Other comprehensive income	-	-	-
COMPREHENSIVE INCOME	**-27 596**	**-17 561**	**-91 905**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 31.03.2018	Un-audited 31.03.2017	Audited 31.12.2017
ASSETS				
Non-current assets:				
Property, plant and equipment	6	302 074	283 092	297 988
Prepaid construction cost		52 731	17 134	52 731
Total non-current assets		**354 805**	**300 226**	**350 719**
Current assets:				
Accounts receivable		650	76	1 656
Other current assets		2 096	1 570	433
Cash and cash equivalents		72 305	27 326	79 416
Total current assets		**75 052**	**28 973**	**81 505**
TOTAL ASSETS		**429 856**	**329 199**	**432 224**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19 630	19 630	19 630
Share premium		-	72 351	-
Retained losses		-47 152	-17 561	-19 556
Total equity		**-27 522**	**74 420**	**75**
Non-current liabilities:				
Shareholder loans	5	263 524	148 372	248 240
Other interest-bearing debt	5	178 292	101 033	171 948
Prepayments customers		4 490	1 102	3 594
Total long-term liabilities		**446 305**	**250 507**	**423 782**
Current liabilities:				
Accounts payable		2 730	1 680	2 606
Prepayments customers		1 810		1 702
Other current liabilities		6 532	2 591	4 058
Total current liabilities		**11 072**	**4 271**	**8 366**
Total liabilities		**457 378**	**254 779**	**432 148**
TOTAL EQUITY AND LIABILITIES		**429 856**	**329 199**	**432 223**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Uncovered loss	Total equity
Equity as at January 1, 2017	**19 630**	**72 350**		**91 980**
Other comprehensive income	-	-	-	-
Net income (loss)	-	-17 561	-	-17 561
Equity as at March 2017	**19 630**	**54 789**	-	**74 419**
Other comprehensive income	-	-	-	-
Net income (loss)	-	-54 789	-19 554	-74 343
Equity as at December 2017 (Audited)	**19 630**	-	**-19 554**	**76**
Other comprehensive income	-	-	-	-
Net income (loss)	-	-	-27 596	-27 596
Equity as at March 2018 (Un-audited)	**19 630**	**-19 554**	**-27 596**	**-27 520**

Condensed Cash Flow Statement

In USD 1,000'	**Un-audited Q1-2018**	**Un-audited Q1-2017**	**Audited 2017**
Net profit(loss) before tax	-27 596	-17 561	-91 905
Depreciation	3 806	3 784	15 225
Financial income	-87	-1	-166
Financial expenses	23 141	11 773	72 478
Changes in working capital	1 979	646	3 828
Net cash from operating activities	**1 243**	**-1 359**	**-540**
Cash flow from investing activities			
Interest received	87	1	166
Prepaid constructions costs	-	-	-35 597
Aquisition of fixed assets	-7 891	-2 599	-28 937
Net cash from investing activities	**-7 804**	**-2 598**	**-64 368**
Cash flow from financing activities			
Interest paid	-11 488	-6 072	-30 784
Prepayment from customer	896	-	2 962
Proceeds from borrowings	10 043	5 207	139 998
Net cash from financing activities	**-549**	**-865**	**112 176**
Net change in cash and cash equivalents	-7 110	-4 823	47 268
Cash and cash equivalents, opening balance	79 416	32 148	32 148
Cash and cash equivalents, closing balance	**72 306**	**27 326**	**79 416**

Notes to the interim report

1. General information

Jacktel AS is a 100% owned 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 for Q1 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting. 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 2017. Reference is also made to section "Going Concern" in the Board of Directors Report.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance measures (APM's) that came into force 3 July 2016. Jacktel has defined and explained the purpose of the following APM's:

- *EBITDA* means earnings before financial items and tax, excluding impairment losses, depreciation and amortization
- *EBIT* means earnings before financial items and tax
- *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.

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 2017. No new standards with impact on the financial statement have been implemented with effect for 2018. IFRS 15 will be adopted from January 1, 2018, but has no impact for the Q1report as Jacktel did not have any operating revenue this quarter.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS. Management fee for Q1 2018 amounted to 0.6 MUSD.

5. Debt overview

31.03.2018

(1.000 USD) **Description**	**Lender/Trustee**	**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	123 769	12 %	192 531
146 MEUR Bond loan	Nordic Trustee AS.	146 000	181 011	7 %	178 291
65,6 MUSD Term loan facility	Master Marine AS		65 600	16 %	70 993
Total interest bearing debt - USD					**441 815**

*) Book value of the Bond loan is netted with costs to be amortized over the loan period.

6. Non-current assets

(1.000 USD)	**Un-audited 31.03.18**	**Audited 31.12.17**
Opening balance	297 989	284 277
Additions	7 891	28 937
Disposals	0	0
Depreciation	-3 806	-15 225
Closing balance	**302 074**	**297 989**

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

In addition to the amount above, Jacktel has pre-paid 52.7 MUSD as construction costs to the sub-contractor Lamprell.

7. Cash flow statement

Interest expenses on the shareholder loans are added to the principal loan amount and considered as paid by increased borrowings.