JACK TEL

INTERIM REPORT

Q2 2017

Second Quarter 2017

Operations

Haven is laid-up at the Nymo yard in Eydehavn, and will remain in Eydehavn until mid- September when Haven will be 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 continues the operational and compliance related repairs and maintenance. Expected expenditures are in line with previous guiding. The work is related to the following:

- Rig system modification for Statoil
- Internal rig system modifications
- Painting and steel reinforcement
- Change out of Lifeboats & Davits

The total POB (person on board) on Haven during July to end September will be 80 – 100 on 24/7 basis. The regular manning has been increased to 11 persons on-board effective from July, and a catering crew of 6 has been established to cater for persons living onboard. The increased crew is a result of increased project activity on board the unit.

The Company has assessed a detailed accounting impact analysis of the approved project scope against the applicable accounting standard and based on that around 1.7 MUSD of expenditures during 2017 will be classified as OPEX rather than CAPEX. This does however not represent any increase in the overall cost over previous guiding.

The daily OPEX during Q2 was around USD 11.000 per day.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q2 2017
(Figures in brackets refer to the corresponding period of 2016)

Due to lay up, the company did not generate any operating income in Q2 (6.5 MUSD). Operating expenses equaled 2 MUSD (4.2 MUSD), of which 1.1 MUSD relates to vessel OPEX and 1.0 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 (2.3 MUSD) and an operating loss of 5.9 MUSD (loss of 1.4 MUSD).

Interest expense for the second quarter equaled 6.8 MUSD (6.0 MUSD), of which 2.2 MUSD relate to interest payable on the bond loan and 4.6 MUSD relate to interest accrued on shareholder loans.

Unrealized foreign exchange loss amounted to 14.0 MUSD.

Net loss for the second quarter of 27.0 MUSD (loss of 2.8 MUSD).

YTD Figures 2017
(Figures in brackets refer to the corresponding period of 2016)

As Haven has been laid up for the entire the period, no operating income has been earned during 2017 (13.6 MUSD). Operating expenses were 4.0 MUSD (8.1 MUSD), of which 2.4 MUSD relates to vessel OPEX and 1.6 MUSD relates to various engineering services and management fee to Jacktel's parent company, Master Marine

AS. This resulted in an EBITDA of -4.0 MUSD (5.5 MUSD) and an operating loss of 11.7 MUSD (loss of 1.9 MUSD).

Interest expense for the first half year equaled 12.9 MUSD (11.8 MUSD), of which 4.0 MUSD relate to interest payable on the bond loan and 8.9 MUSD relate to interest accrued on shareholder loans. Unrealized foreign exchange loss on debt denominated in Euros of 19.6 MUSD.

Net loss for the first half of 2017 of 44.5 MUSD (loss of 17.3 MUSD).

Finance

The company has during Q2 2017 increased the bond loan from 95 MEUR to 146 MEUR under the same terms. This will increase interest with 0.9 MEUR per quarter. The bond loan carries a coupon of 7% and is secured by a 1st lien mortgage on Haven. The bond loan expires on 8 July 2019. In addition, the company has a shareholder loan which is further specified in note 5.

Furthermore, a MUSD 81 second lien callable bond has been issued by the parent company Master Marine. The entire amount 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 Johan Sverdrup contract.

Cash flow and liquidity Q2 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 the second tap and 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.

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with IFRS as approved by the European Union ("EU") and give a fair view of Jacktel's assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial report, any significant related parties' transactions and a description of the significant risks and uncertainties for the group.

Oslo, 22 August 2017

Bjørn Henriksen
(Chairman)

Helge Ystheim
CEO
Jacktel AS

Condensed Income Statement

In USD 1,000'	Note	Un-audited Q2-2017	Un-audited Q2-2016	Audited 2016	Un-audited 6M- 2017	Un-audited 6M- 2016
Operating income		-	6 517	15 640	-	13 597
Operating expenses		-2 040	-4 168	-14 654	-4 045	-8 135
EBITDA		**-2 040**	**2 349**	**986**	-4 045	**5 462**
Depreciation	6	-3 828	-3 721	-15 096	-7 612	-7 402
OPERATING PROFIT- EBIT		**-5 869**	**-1 372**	**-14 110**	**-11 658**	**-1 940**
Interest income		6	7	27	7	11
Interest expenses		-6 798	-5 998	-23 861	-12 870	-11 791
Other financial income						
Other financial expenses		-14 306	4 607	8 507	-20 006	-3 577
NET FINANCIAL ITEMS		**-21 098**	**-1 384**	**-15 327**	**-32 870**	**-15 357**
PROFIT/(LOSS) BEFORE TAX		**-26 967**	**-2 756**	**-29 437**	**-44 528**	**-17 297**
NET PROFIT (LOSS)		**-26 967**	**-2 756**	**-29 437**	**-44 528**	**-17 297**

Statement of Comprehensive Income

In USD 000'	Un-audited Q2-2017	Un-audited Q2-2016	Audited 2016	Un-audited 6M- 2017	Un-audited 6M- 2016
Net profit this period	-26 967	-2 756	-29 437	-44 528	-17 297
COMPREHENSIVE INCOME	**-26 967**	**-2 756**	**-29 437**	**-44 528**	**-17 297**

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Condensed Statement of Financial Position

In USD 000'	Note	Un-audited 30.06.2017	Un-audited 30.06.2016	Audited 31.12.2016	Audited 31.12.2015
ASSETS					
Non-current assets:					
Property, plant and equipment	6	285 511	288 133	284 276	293 235
Prepaid construction cost		17 134	-	17 134	
Total non-current assets		**302 646**	**288 133**	**301 411**	**293 235**
Current assets:					
Accounts receivable		1 187	4 390	30	4 833
Other current assets		2 175	884	1 229	5 835
Cash and cash equivalents		75 616	58 947	32 148	53 841
Total current assets		**78 978**	**64 221**	**33 407**	**64 509**
TOTAL ASSETS		**381 624**	**352 354**	**334 817**	**357 744**
EQUITY AND LIABILITIES					
Equity:					
Issued capital		19 630	19 630	19 630	23 018
Share premium		72 350	101 787	72 350	115 108
Uncovered loss		-44 528	-17 297		0
Currency translation reserve					-16 709
Total equity		**47 453**	**104 121**	**91 981**	**121 417**
Non-current liabilities:					
Shareholder loans	5	162 445	140 397	140 240	130 163
Other interest-bearing debt	5	162 644	104 138	98 257	102 212
Prepayments customers		1 230	-	632	
Total long-term liabilities		**326 319**	**244 535**	**239 129**	**232 374**
Current liabilities:					
Accounts payable		3 258	634	1 134	1 036
Prepayments customers		843	-		0
Other current liabilities		3 752	3 063	2 573	2 917
Total current liabilities		**7 852**	**3 698**	**3 708**	**3 953**
Total liabilities		**334 171**	**248 233**	**242 837**	**236 327**
TOTAL EQUITY AND LIABILITIES		**381 624**	**352 354**	**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)			-17 297	-17 297
Equity as at June 2016 (Un-audited)	**19 630**	**101 787**	**-17 297**	**104 121**
Net income (loss)		-29 437	17 297	-12 140
Equity as at December 2016 (Audited)	**19 630**	**72 351**	**-**	**91 981**
Net income (loss)			-44 528	-44 528
Equity as at June 2017 (Un-audited)	**19 630**	**72 351**	**-44 528**	**47 453**

Cash Flow Statement

In USD 1,000'	Q2-2017	Q2-2016	2016	6M-2017	6M-2016
Net profit/(loss)	-26 967	-2 756	-29 437	-44 528	-17 297
Depreciation	3 828	3 721	15 096	7 612	7 402
Unrealized foreign exchange differences related to cash and financing activities	14 012	-4 888	-9 358	19 602	2 778
Net interest	1 761	6 074	24 110	7 838	12 054
Changes in working capital	3 598	-638	9 853	4 034	5 139
Net cash from operating activities	**-3 767**	**1 514**	**10 264**	**-5 442**	**10 077**
Cash flow from investing activities					
Prepayment Upgrade of Haven- Lamprell			-17 134		-
Prepayment from customer	960		632		-
Aquisition of fixed assets	-6 248	-1 593	-6 825	-8 847	-2 299
Interest received	6	7	27	7	11
Net cash from investing activities	**-5 282**	**-1 587**	**-23 301**	**-8 841**	**-2 289**
Cash flow from financing activities					
Proceeds from debt	56 982	-	-	56 982	-
Interest paid	-1 767	-1 862	-7 218	-3 528	-3 691
Net realized agio		-	-	-	-
Net cash from financing activities	**55 215**	**-1 862**	**-7 218**	**53 454**	**-3 691**
Net change in cash and cash equivalents	46 166	-1 934	-20 821	40 571	4 096
Net foreign exchange differences	2 124	-1 260	-871	2 896	1 010
Cash and cash equivalents, opening balance	27 326	62 141	53 841	32 148	53 841
Cash and cash equivalents, closing balance	**75 616**	**58 947**	**32 148**	**75 616**	**58 947**

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 first half of 2017.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS, of which 1.2 MUSD (1.3 MUSD) has been paid per first half 2017.

5. Debt overview

30.06.2017

(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	113 935	12 %	162 445
146 MEUR Bond loan	Nordic Trustee ASA	146 000	166 629	7 %	162 644
Total interest bearing debt - USD					**325 089**

*) 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**	**Un-audited Q2 2017**	**Un-audited YTD 2017**	**Audited 2016**
IB	284 276	283 091	284 276	293 235
Additions	2 599	6 248	8 847	6 136
Disposals	0	0	0	0
Depreciation	-3 784	-3 828	-7 612	-15 096
Impairment	0	0	0	0
UB	**283 091**	**285 511**	**285 511**	**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.