INTERIM REPORT

Q2 2019

Second Quarter 2019

Operations

Haven provided the client with a 100% technical uptime. The utilization of beds onboard Haven has been high, with virtually no spare beds. The Board believes that the predictable gangway connection has been instrumental to the client's successful project execution.

Daily ordinary operating cost equaled 45 KUSD during Q2, 2019.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q2 2019
(Figures in brackets refer to the corresponding period of 2018)

The operating income for Q2 amounts to 39.2MUSD (14.3 MUSD), of which Charter hire amounts to 32.6 MUSD. Other income of 6.6 MUSD relates to additional services provided to Equinor.

Operating expenses equalled 10.0 MUSD (3.0 MUSD), of which 4.1 MUSD relate to vessel OPEX and 4.5 MUSD to costs to be reimbursed by Equinor, and preparation cost related to demobilization of Haven from the Johan Sverdrup field. Additional 1.1 MUSD relate to technical management fee and SG&A costs, and 0.3 MUSD relate to non-recurring costs. This resulted in an EBITDA of 29.2 MUSD (11.3 MUSD) and an operating profit of 12.1 MUSD (3.5 MUSD).

Interest expense for the second quarter equaled 8.0 MUSD (11.5 MUSD), of which 4.5 MUSD relate to interest payable on the bond and bank loans, and 3.5 MUSD relate to interest accrued on a shareholder loan, which was converted to equity in the second quarter.

Net profit for the second quarter amounts to 4.2 MUSD (10.9 MUSD).

YTD Figures 2019
(Figures in brackets refer to the corresponding period of 2018)

Operating income amounted to 77.2 MUSD (14.3 MUSD). Operating expenses equalled 19.7 MUSD (3.8 MUSD), of which 8.6 MUSD relate to vessel OPEX and 8.4 MUSD relate to cost reimbursable by Equinor, cost related to temporary bed capacity on board, as well as preparation cost related to demobilization of Haven from the Johan Sverdrup field. In addition, 2.2 MUSD relate to technical management fee and SG&A. 0.5 MUSD relate to non-recurring costs. This resulted in an EBITDA of 57.5 MUSD (10.6 MUSD) and an operating profit of 23.3 MUSD (loss of 1.1 MUSD).

Accumulated interest expenses for the first half equalled 18.3 MUSD (23.0 MUSD), of which 9.3 MUSD relate to interest payable on the bank and bond loans, and 9.0 MUSD relate to interest accrued on shareholder loans.

Net profit for the first half of 2019 equalled 7.5 MUSD (loss of 16.7 MUSD).

Cash flow and liquidity Q2 2019
The company generated 27.0 MUSD in operational cash flow during the second quarter. Following net repayments of loans and interest payments of 29.1 MUSD, net cash flow in the second quarter equaled -2.3 MUSD.

Total cash at the end of the quarter equaled 22.6 MUSD.

Going concern
In the second quarter the net equity has increased to 179.2 MUSD, due to a conversion of a shareholder loan, including accrued interest, to equity. Based on the strong operational cash flow and the above-mentioned strengthening of equity, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the quarterly report. The cash flow makes Jacktel able to meet its obligations including payment of interest on the 3rd party debt the next 12 months.

Finance
Jacktel is financed through a Bond Loan of USD 150 million and a Bank Loan of USD 100 million. The loans carry an interest of 10% and Libor + 2.5% respectively. The Bond Loan expires in December 2023, while the Bank Loan will be repaid over a period of 12 months from December 2018. Repayment period of the Bank Loan is matched with the contract period of the Johan Sverdrup contract. 25 MUSD of the Bank Loan has been repaid during the second quarter.

With reference to the announcement in relation to the merger between Master Marine AS and Crossway Holdings, the board expects the merger to close during Q3 2019.

Risk
The company is exposed to general business market risk, credit risk, currency risk and revenue risk. Credit risk related to the Equinor contract is considered low. The currency risk exposure is mainly due to the fact that charter income is denominated in USD while operating expenses are mainly incurred in NOK. The currency risk is monitored on a continuous basis and use of derivates to reduce the risk is considered regularly. Per end of the second quarter the company does not have any derivatives. Operational issues, as well as future changes in day rates and utilization of the unit may impact the valuation of the asset.

Future Prospects

A large part of the North Sea accommodation fleet has a strong order backlog for the remaining part of 2019, but few units have a significant order back log for 2020 and beyond. Tendering activity in the North Sea is currently limited, but the board expects that tendering activity may increase following budget sanctions late 2019.

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 30 June 2019 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.

Stavanger, 20th August 2019

Bjørn Henriksen	**Roy Hallås**
Chairman of the Board	**CEO**
sign	**sign**

Condensed Income Statement

In USD 1,000'	Note	Un-audited Q2-2019	Un-audited Q2-2018	Audited 2018	Un-audited 6M- 2019	Un-audited 6M- 2018
Operating income		39,231	14,272	90,193	77,207	14,272
Operating expenses		-9,990	-2,988	-20,972	-19,716	-3,724
EBITDA		**29,241**	**11,283**	**69,221**	**57,491**	**10,548**
Depreciation	6	-17,100	-7,817	-46,070	-34,241	-11,624
OPERATING PROFIT/(LOSS) - EBIT		**12,141**	**3,466**	**23,151**	**23,251**	**-1,076**
Interest income		95	3	334	181	89
Interest expenses		-7,990	-11,461	-46,501	-18,290	-22,949
Other financial items		-41	18,848	6,616	2,318	7,195
NET FINANCIAL ITEMS		**-7,935**	**7,390**	**-39,552**	**-15,791**	**-15,665**
PROFIT/(LOSS) BEFORE TAX		**4,206**	**10,856**	**-16,401**	**7,460**	**-16,741**
NET PROFIT (LOSS)		**4,206**	**10,856**	**-16,401**	**7,460**	**-16,741**

Statement of Comprehensive Income

In USD 000'	Un-audited Q2-2019	Un-audited Q2-2018	Audited 2018	Un-audited 6M- 2019	Un-audited 6M- 2018
Net profit this period	4,206	10,856	-16,401	7,460	-16,741
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME	**4,206**	**10,856**	**-16,401**	**7,460**	**-16,741**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 30.06.2019	Un-audited 30.06.2018	Audited 31.12.2018
ASSETS				
Non-current assets:				
Property, plant and equipment	6	338,038	310,108	371,638
Prepaid construction cost		0	83,863	0
Total non-current assets		**338,038**	**393,971**	**371,638**
Current assets:				
Accounts receivable		25,392	14,307	25,772
Other current assets		1,551	2,366	2,299
Cash and cash equivalents		22,563	26,248	25,944
Total current assets		**49,506**	**42,922**	**54,014**
TOTAL ASSETS		**387,544**	**436,893**	**425,652**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19,744	19,630	19,630
Share premium		187,979	0	0
Retained losses		-28,495	-36,295	-35,956
Total equity		**179,228**	**-16,665**	**-16,326**
Non-current liabilities:				
Shareholder loans		0	263,888	0
Other interest-bearing debt	5	147,189	168,131	146,880
Prepayments customers		0	5,922	0
Total long-term liabilities		**147,189**	**437,942**	**146,880**
Current liabilities:				
Accounts payable		4,691	10,671	3,403
Prepayments customers		2,721	1,302	6,175
Short-term interest-bearing debt	5	49,499	0	282,061
Other current liabilities		4,216	3,643	3,459
Total current liabilities		**61,127**	**15,616**	**295,098**
Total liabilities		**208,316**	**453,558**	**441,978**
TOTAL EQUITY AND LIABILITIES		**387,544**	**436,893**	**425,652**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Retained losses	Total equity
Equity as at January 1st, 2018	**19,630**	**-**	**-19,554**	**76**
Other comprehensive income	-	-	-	-
Net income (loss) Q1 - Q2 2018	-	-	-16,741	-16,741
Equity as at June 30th, 2018 (Un-audited)	**19,630**	**-**	**-36,295**	**-16,665**
Other comprehensive income	-	-	-	-
Net income (loss) Q3 - Q4 2018	-	-	340	340
Equity as at December 31st, 2018 (Audited)	**19,630**	**-**	**-35,955**	**-16,326**
Other comprehensive income	-	-	-	-
Capital contribution by debt conversion	114	187,979	-	188,093
Net income (loss) Q1 - Q2 2019	-	-	7,460	7,460
Equity as at June 30th, 2019 (Un-audited)	**19,744**	**187,979**	**-28,495**	**179,228**

Cash Flow Statement

In USD 1,000'	**Un-audited Q2-2019**	**Un-audited Q2-2018**	**Audited 2018**	**6M-2019**	**6M-2018**
Net profit(loss) before tax	4,206	10,856	-16,401	7,460	-16,741
Depreciation	17,100	7,817	46,070	34,241	11,624
Financial income	-95	-18,851	-334	-182	-7,284
Financial expenses	8,030	11,461	39,884	15,972	22,949
Changes in working capital	-2,204	-8,874	-28,117	-1,032	-6,936
Net cash from operating activities	**27,037**	**2,409**	**41,102**	**56,459**	**3,612**
Cash flow from investing activities					
Interest received	95	3	334	182	89
Prepaid construction cost	-	-31,132	-	-	-31,132
Rig upgrade	-370	-15,851	-66,989	-642	-23,742
Net cash from investing activities	**-275**	**-46,980**	**-66,655**	**-460**	**-54,785**
Cash flow from financing activities					
Interest paid	-7,783	-11,461	-46,500	-18,083	-22,949
Prepayment from customer	-	924	3,374	-	1,928
Refinancing and hedging cost paid	-	-	-12,588	-	-
Proceeds from/repayment of (-) borrowings	-21,274	9,051	27,795	-41,298	19,026
Net cash from financing activities	**-29,056**	**-1,486**	**-27,919**	**-59,380**	**-1,995**
Net change in cash and cash equivalents	-2,294	-46,057	-53,472	-3,381	-53,168
Cash and cash equivalents, opening balance	24,857	72,305	79,416	25,944	79,416
Cash and cash equivalents, closing balance	**22,563**	**26,248**	**25,944**	**22,563**	**26,248**

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 Skogstrøstraen 37, 4029 Stavanger, 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 Q2 2019 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 2018. 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 2018. IFRS 16 was implemented from January 1, 2019 without any impact for Jacktel AS.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Master Marine AS, for which 1.9 MUSD (1.1 MUSD) has been paid in Q2 2019.

5. Debt overview

30.06.2019 Long-term interest-bearing debt

(1.000 USD) **Description**	**Lender/Trustee**	**Nominal amount USD**	**Interest rate**	**Book value USD**
150 MUSD Bond Loan	Nordic Trustee ASA	150 000	10 %	147 189
Long-term interest bearing debt - USD				**147 189**

30.06.2019 Short-term interest-bearing debt

(1.000 USD) **Description**	**Lender/Trustee**	**Nominal amount USD**	**Interest rate**	**Book value USD**
100 MUSD Bank loan	DNB bank ASA	100 000	1 month LIBOR + 2,5%	49 499
Short-term interest bearing debt - USD				**49 499**

For further information about debt, please see the Finance part under section Financial.

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

6. Property Plant & Equipment

(1.000 USD)	Un-audited 30.06.19	Un-audited 31.03.19	Audited 31.12.18
Opening balance	354,768	371,638	297,988
Additions	370	271	119,719
Disposals	0	0	0
Depreciation	-17,100	-17,141	-46,069
Closing balance	**338,038**	**354,768**	**371,638**

Capitalized amounts relate entirely to the Company's accommodation rig Haven.

7. Cash flow statement

Interest expenses on the shareholder loan has been added to the principal loan amount, amounting to 3.7 MUSD in Q2. Repayment of the DNB bank loan amounts to 25 MUSD in Q2.