JACK TEL

INTERIM REPORT

Q4 2016

Highlights Fourth Quarter 2016

Operations

Haven is laid-up at the Nymo yard in Eydehavn, and will continue to be available for a short charter contract during summer season 2017. The vessel will be relocated to CCB outside Bergen late September, for upgrades and installation of legs and suction caissons.

The project related to the preparation of Haven for operation at Johan Sverdrup from June 2018 is progressing according to plan and budget.

Installation of automatic greasing system was finalized in Q4 2016. Additional crew was necessary to perform both the installation of the greasing system and the jacking-test prior to the dimension control initiated by Lamprell in November. After finalizing these activities, the manning was down to 3 persons on board.

Installations of new life boat systems will be finalized before the acceptance test program starts for Johan Sverdrup in Q2-2018.

Standard daily OPEX is slightly above USD 10.000 per day during lay-up in Eydehavn.

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. 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 translated from EUR to USD.

Quarterly figures, Q4 2016
(Figures in brackets refer to the corresponding period of 2015)

No operating income in Q4 2016 (8.5 MUSD), due to lay-up in Eydehavn from August 2016. Operating expenses were 2.4 MUSD (6.6 MUSD), of which 1.5 MUSD relates to vessel OPEX and 0.9 MUSD relates to various engineering services and management fee to Jacktel's parent company, Master Marine AS. This resulted in an EBITDA of -2.4 MUSD (1.9 MUSD) and an operating loss of 6.4 MUSD (loss of 1.8 MUSD).

Interest expense for the fourth quarter equaled 5.9 MUSD (5.6 MUSD), of which 1.8 MUSD relate to interest payable on the bond loan and 4.1 MUSD relate to interest accrued on shareholder loans. Unrealized foreign exchange gain on debt denominated in Euros equaled to 15 MUSD.

Net profit for the fourth quarter equaled 2.5 MUSD (loss of 7.5 MUSD).

YTD figures 2016
(Figures in brackets refer to the YTD of 2015)

Operating income for 2016 were 15.6 MUSD (66.9 MUSD). Operating expenses were 14.7 MUSD (31 MUSD), of which 11.1 MUSD relates to vessel OPEX and 3.6 MUSD relates to various engineering services and management fee to Jacktel's parent company, Master Marine. This resulted in an EBITDA of 0.9 MUSD (35.9 MUSD).

Interest expense for 2016 equaled 23.9 MUSD (25.5 MUSD), of which 7.3 MUSD relates to interest payable on the bond loan and 16.5 MUSD relate to interest accrued on shareholder loans. Unrealized foreign exchange gain on debt denominated in Euros equaled to 8.9 MUSD.

Net loss for the 2016 equaled 29.4 MUSD (loss of 82.4 MUSD, due to impairment of 76.3 MUSD in q2 2015).

Finance
The company has currently 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 commenced work to secure the necessary financing of the upgrade. The financing of the project is expected to be completed during 1H, 2017.

Valuation
The value of Haven is linked to the development in the offshore industry. As disclosed in the press release dated November 4th 2015 and September 26th 2016, Haven has an 18 month contract with Statoil, at Johan Sverdrup, with a contract value of around 195 MUSD, and 400 MUSD including option periods. This contract visualizes the unit's attractiveness in a competitive market. When the contract with Maersk Oil and Gas expired late July 2016, the unit was demobilized to Nymo yard in Eydehavn. Haven has been preserved and is being operated with a reduced crew until new market opportunities emerge.

The company has performed a value in use analysis per Q4 2016 and recently obtained external broker valuations which support the current book value. Based on this, the Board considers the book value of Haven to be fair as of the date of this report.

Cash flow and liquidity Q4 2016
The negative cash flow from operating activities during the fourth quarter is mainly a result of expenses related to the lay-up of Haven.

Cash flow from investing activities refer to the Johan Sverdrup project, upgrade of the lifeboat and launching system and the installation of an auto greasing system. The first milestone-payment to Lamprell was executed in October 2016 (17.1 MUSD). Next milestone payment is scheduled to September 2017 (34 MUSD).

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

Cash flow and liquidity YTD 2016
The positive cash flow from operating activities during 2016 is mainly a result of charter income earned up until July 31 and focus on reducing costs during the following lay-up period.

Cash flow from investing activities refer to the Johan Sverdrup project, upgrade of the lifeboat and launching system and the installation of an auto greasing system. The first milestone payment to Lamprell was executed in October 2016 (17.1 MUSD). Next milestone payment is scheduled to September 2017 (34 MUSD).

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

The company is currently in detailed discussions with key stakeholders for the funding of the ongoing capex projects. The Board of directors is optimistic that the financing of the ongoing projects will be concluded during 1H 2017. Based on this, the Board of Directors consider the company's liquidity position to be adequate and confirms that the assumption of going concern forms the basis for the fourth quarter financial statements.

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, and the company will seek to swap this to USD in order to reduce the overall currency risk. The short to mid-term revenue risk is related to the possibility of finding work for the unit at acceptable terms during summer season 2017.
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

Over the last quarter, the number of expression of interest received from prospective clients has increased. Most of these requirements relate to demand for bed capacity within the wind market as well as in shallow water in the southern part of the North Sea. Day rates in this market are however too low to bring Haven out of lay-up. These projects will however absorb bed capacity, and should have a positive impact on supply demand balance in the market.

We have also seen an increased number of requirements for additional bed capacity in 2018 and onwards. Further, for certain areas the number of exploration wells being drilled is increasing. This will ultimately lead to more projects being materialized, and will have a positive impact on the demand for accommodation units in the longer term. The board is therefore optimistic that the supply demand balance will continue to improve, and believes that day rates will return to a more acceptable level over the next 3-4 years. With Havens comparative advantages for year around operation in harsh environment, the Board believes that the unit will achieve high utilization and strong day rates following the expiry of the Johan Sverdrup contract.

Oslo, 23 February 2017

Bjørn Henriksen
(Chairman)

Helge Ystheim
CEO
Jacktel AS

Condensed Income Statement

In USD 1,000'	Non-audited Q4-2016	Restated Non-audited Q4-2015 *)	Restated Non-audited 2015*)	Non-audited 12M-2016
Operating income	-	8 478	66 877	15 640
Operating expenses	-2 426	-6 581	-30 997	-14 654
EBITDA	**-2 426**	**1 897**	**35 879**	**986**
Depreciation	-3 972	-3 672	-16 391	-15 096
Impairment	-	-	-76 252	-
OPERATING PROFIT-EBIT	**-6 398**	**-1 775**	**-56 763**	**-14 110**
Interest income	6	-	9	27
Interest expenses	-5 961	-5 633	-25 479	-23 861
Other financial expenses	14 878	-105	-105	8 507
NET FINANCIAL ITEMS	**8 922**	**-5 738**	**-25 574**	**-15 327**
PROFIT/(LOSS) BEFORE TAX	**2 524**	**-7 513**	**-82 338**	**-29 437**
Income tax expense (benefit)	-	-	-	-
NET PROFIT (LOSS)	**2 524**	**-7 513**	**-82 338**	**-29 437**

Statement of Comprehensive Income

In USD 1,000'	Non-audited Q4-2016	Restated Non-audited Q4-2015*)	Restated Non-audited 2015*)	Non-audited 12M-2016
Net profit this period	2 524	-7 513	-82 338	-29 437
Other comprehensive income	-	-3 159	-11 005	-
COMPREHENSIVE INCOME	**2 524**	**-10 672**	**-93 343**	**-29 437**
Earnings per share:				
- Basic	0,05	-0,15	-1,65	-0,59
- Diluted	0,05	-0,15	-1,65	-0,59

*) Comparative information for the 4th quarter and 12 months period ending 31 December 2015 is restated due to change of functional and presentation currency. See note 3 for further information.

Condensed Statement of Financial Position

In USD 1,000'	Un-audited 31.12.2016	Restated Un-audited 31.12.2015 *)	Restated Un-audited 31.12.2014 *)
ASSETS			
Non-current assets:			
Property, plant and equipment	284 276	293 235	422 193
Prepaid construction cost	17 134	0	0
Total non-current assets	**301 411**	**293 235**	**422 193**
Current assets:			
Accounts receivable	30	4 833	8 116
Other current assets	1 229	5 835	2 706
Cash and cash equivalents	32 148	53 841	44 192
Total current assets	**33 407**	**64 509**	**55 014**
TOTAL ASSETS	**334 817**	**357 744**	**477 207**
EQUITY AND LIABILITIES			
Equity:			
Issued capital	19 630	23 018	16 463
Share premium	101 787	115 108	52 559
Uncovered loss	-29 437	0	0
Currency translation reserve	0	-16 709	-5 704
Total equity	**91 981**	**121 417**	**63 318**
Non-current liabilities:			
Shareholder loans	140 240	130 566	286 928
Other interest-bearing debt	98 257	113 747	113 319
Total long-term liabilities	**238 497**	**232 374**	**400 248**
Current liabilities:			
Accounts payable	1 134	1 036	753
Prepayments customers	632	0	6 514
Other current liabilities	2 573	2 917	6 374
Total current liabilities	**4 340**	**3 953**	**13 641**
Total liabilities	**242 837**	**236 327**	**413 889**
TOTAL EQUITY AND LIABILITIES	**334 817**	**357 744**	**477 207**

*) Comparative information for the 12 months period ending 31 December 2015 and 2014 are restated due to change of functional and presentation currency. See note 3 for further information.

Condensed 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**	**63 319**
Share issues	6 555	144 886			151 441
Net income (loss)		-82 338			-82 338
Currency translation differences				-11 005	-11 005
Equity as at December 2015	**23 018**	**115 108**	**-**	**-16 709**	**121 418**
Opening balance adjustment **	**-3 388**	**-13 320**		**16 709**	0
Net income (loss)			-29 437		-29 437
Equity as at December 2016	**19 630**	**101 788**	**-29 437**	**-**	**91 981**

*) Opening 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'	Q4-2016 Un-audited	Q4-2015 Restated Un-audited *)	2015 Restated Un-audited *)	12M-2016 Un-audited
Net profit/(loss)	2 524	-7 513	-82 338	-29 437
Depreciation	3 972	3 533	92 481	15 096
Unrealized foreign exchange differences related to cash and financing activities	-14 756			-9 358
Net interest	5 957	3 756	23 562	24 110
Changes in working capital	235	-9 204	-6 509	9 853
Net cash from operating activities	**-2 068**	**-9 428**	**27 196**	**10 264**
Cash flow from investing activities				
Prepayment Upgrade of Haven- Lamprell	-17 134			-17 134
Prepayment from customer	489			632
Aquisition of fixed assets	-2 377	-1 270	-5 559	-6 825
Interest received	6	-2	9	27
Net cash from investing activities	**-19 016**	**-1 261**	**-5 550**	**-23 301**
Cash flow from financing activities				
Interest paid	-1 786	-1 795	-7 342	-7 218
Net cash from financing activities	**-1 786**	**-1 795**	**-7 342**	**-7 218**
Net change in cash and cash equivalents	-22 869	-12 276	14 304	-20 821
Net foreign exchange difference	-2 488			-871
Cash and cash equivalents, OB	57 465	67 552	40 133	53 841
Effects of currency translation on cash and cash equivalents		-1 435	-596	
Cash and cash equivalents, closing balance	**32 148**	**53 841**	**53 841**	**32 148**

*) Comparative information for the 4th quarter and 12 months period ending 31 December 2015 is restated due to change of functional and presentation currency. See note 3 for further information.

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 2.9 MUSD has been paid per fourth quarter 2016.

5. Debt overview

31.12.2016

(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 %	140 240
95 MEUR Bond loan	Nordic Trustee ASA	95 000	99 303	7 %	98 257
Total interest bearing debt - USD					**238 497**

*) 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 Q2 2016	Non-audited Q3 2016	Non-audited Q4 2016	Non-audited YTD 2016	2015
IB	293 235	290 261	288 133	286 560	293 235	422 193
Additions	706	1 593	2 148	1 689	6 136	5 600
Disposals	0	0	0	0	0	0
Depreciation	-3 681	-3 721	-3 721	-3 972	-15 096	-16 391
Impairment	0	0	0		0	-76 252
Currency translation						-41 915
UB	**290 261**	**288 133**	**286 560**	**284 276**	**284 276**	**293 235**

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

The company has performed value in use analysis per Q4 2016 and also recently obtained external broker valuations which support the current book value. Based on this, the Board considers the book value of Haven to be fair as of the date of this report.