ANNUAL REPORT 2016

JACK TEL

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CONTENTS

REPORT OF THE BOARD OF DIRECTORS

JACKTEL AS

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.

FINANCIAL DEVELOPMENT AND RESULTS

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.

The Board approved the annual accounts on 4 April 2017.

Finance

Financial results
Operating revenue for 2016 were 15.6 MUSD (66.9 MUSD). The operating revenue was generated from the Mærsk charter hire contract in the period January to July. From August 1st "Haven" was laid up in Eydehavn, with no income. 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).

The Statement of Financial position reflects the first milestone payment made to Lamprell, 17.1 MUSD, 20% of total contract value. Non-current liabilities includes Bond loan (Jacktel AS) of 98.2 MUSD and Shareholder loan (Master Marine AS) of 140.2 MUSD.

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, starting June 2018, 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. For further details, see note 13 of the Jacktel Accounts. The equity level as of year-end is 27 % (34% in 2015)

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 relates to interest accrued on shareholder loans. Unrealized foreign exchange gain on debt denominated in EUR equaled to 8.9 MUSD.

Net loss for the 2016 equaled 29.4 MUSD (loss of 82.4 MUSD in 2015, due to impairment of 76.3 MUSD). The Board of Directors proposes to charge the net loss to the share premium.

Cash flow and liquidity
Operational cash flow in 2016 was 9.7 MUSD (25.1 MUSD in 2015). Cash flow from investments was -23.9 MUSD, (-5.6 MUSD in 2015) and cash flow from financing was -6.6 MUSD (-7.3 MUSD in 2015). This resulted in a net decrease in cash and cash equivalents in 2016 of 20.8 MUSD (increase of 14.3 MUSD in 2015). As of year-end 2016, the Company had overall cash reserves of 32.1 MUSD (53.8 MUSD at the end of 2015).

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 Company has an unconditional right to rise additional tranches under the Bond agreement. This will be sufficient to meet the obligations in Q3 and Q4 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 year end financial statements, ref Going Concern.

Financial Exposure
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.

OPERATIONS

Risk Management Overview
The Group is exposed to a number of different market risks arising from the Companys's normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of the Company's assets, liabilities or future cash flows. To reduce and manage these risks, the Company periodically reviews and assesses its primary financial market risks, including liquidity risk and credit risk. Once risks are identified, appropriate action is taken to mitigate the specific risk.

Operational Risk
Haven" has operated with 100 % uptime since start of operation in 3Q 2011. Utilization is considered to be one of the largest operational risks, hence both owner and technical manager work closely together to maximize utilization through effective maintenance and detailed follow up of the operation. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. There has never been a Lost Time Incident related to the operation of "Haven". Master Marine is the owner and use its personnel to continuously monitor the technical manager's performance in order to mitigate any operational risk.

Market risk in the short term is considered to be significant due to the low activity in the accommodation market for new contracts in 2017. Haven is available in 2017 until the contract with Statoil for Johan Sverdrup project commencing in October 2017.

Project risk
The upgrade of «Haven» for the Statoil Johan Sverdrup contract represents technical and commercial project risk, which could lead to cost overruns and delayed completion that could have an adverse effect on the Group's financial position.

Construction insurances are taken out in accordance with industry standards. Non-insurable risk is mitigated by establishment of an experienced project organization, which ensures continuous risk management of the procurement, planning and execution of the construction and offshore installation scope of work, including commercial project control.

The construction work is based on the results from a joint engineering team lead by Statoil, who engaged experienced engineering contractors such as GustoMSC, Semar and NGI. These contractors continue to deliver follow-on engineering services during the construction phase under the Group's project management. The engineering documentation has been classed by DNV-GL. Further, the project team has engaged DNV-GL VMO as Marine Warranty Surveyor. "Haven" already has an AoC, which will be amended based in the upgrade project specifications and as built state.

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) REPORTING

The Company strives to ensure that all operations are conducted in a safe and environmentally friendly way.

The Company works closely with technical manager OSM Offshore AS and clients to ensure safe operation of "Haven". A high safety and environmental standard is achieved through an active and close cooperation with, and monitoring of, OSM Offshore AS. "Haven" complies with the highest safety and environmental standards required by the Norwegian Petroleum Safety Authority. The HSE record for "Haven" is strong with zero Lost Time Incidents. The total registered sick leave among the crew at "Haven" was 0.67% compared to 3.1% in 2015.

ORGANIZATION, WORKPLACE ENVIRONMENT AND EMPLOYEES

The Company is an asset owning company and has no employees. All management of the Company is performed through a management services agreement with Master Marine AS, providing executive management and general administration, including marketing, finance, accounting, financial reporting as well as other general services.

The Company is against all forms of corruption and works actively through the Company's Ethics Code of Conduct and face-to-face interactions to ensure that corruption does not occur in The Company's business activities.

The Company's Integrated Management System (IMS) is compliant with and operated in accordance with ISO 9001-2008.

FUTURE PROSPECTS

The challenging market for the offshore service industry has continued throughout 2016, and it is expected that 2017 will be a low point for the offshore service industry with respect to demand. The reduction oil companies worldwide spending has, amongst others, resulted in reduced demand for accommodation services in the short term. In the longer term, the activity level within the oil and gas industry is expected to recover. Over the last few months, we have seen increased drilling activity. Historically this has been an early indicator of increased longer term activity.
Several maintenance projects and maintenance campaigns have been postponed. Historically, such delay has affected asset integrity, contributing to increased demand for maintenance activities and related bed capacity. Based on this, the Board remains confident that we, over the next few years, will see improved utilization and day rates in the accommodation market.

Around 85% of the fields in the North Sea are in water depth of less than 115 meters. Average age of fields in the North Sea is almost 25 years, and many were installed during the 1970's and 80's. Governments and operators are focused on increased recovery rate from existing oil fields will result in several fields surviving their original design life. In addition, older infrastructures are frequently used in connection with development of new discoveries. In total these factors are expected to have a positive impact on the longer term demand for bed capacity.

GOING CONCERN

Following the award of the Johan Sverdrup contract, the Company has undertaken to upgrade Haven to enable the unit to be positioned at the Johan Sverdrup field. The upgrade will be executed by Lamprell, who has been awarded a turnkey contract for the upgrade of the unit. Expected cost of the upgrade is approximately 117 MUSD and will be more than recovered over the firm 18 month contract with Statoil. In connection with the upgrade, Jacktel has entered into an 86 MUSD turnkey contract with Lamprell. The payment structure in the Lamprell contract is based on milestones, and approximately 34 MUSD is payable in September 2017. As a result of these commitments, the group has embarked upon a financing process with the aim of raising approximately 140 MUSD in new funding. The financing, which the company is dependent on, is progressing well and is expected to be complete during 2nd quarter 2017, well ahead of when the group is in conflict with the existing bond agreement. Based on this, the Board of Directors confirms that the assumption of going concern forms the basis for the annual accounts in accordance with the requirements of the Accounting Act.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 31 December 2016 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, 4th April 2017

Bjørn Eie Henriksen
Chairman of the Board

Helge Ystheim
CEO

Financial Statements 2016
Profit and Loss Statement

(USD 1.000)	Notes	2016	Restated *) 2015
Revenue	4	15 640	66 877
TOTAL OPERATING REVENUE		**15 640**	**66 877**
OPERATING EXPENSES			
Vessel operation cost	5	-11 069	-24 918
Other operating expenses	5	-3 584	-6 079
Impairments	13	0	-76 252
Depreciation	13	-15 096	-16 391
TOTAL OPERATING EXPENSES		**-29 749**	**-123 640**
OPERATING PROFIT / (LOSS)		**-14 110**	**-56 763**
FINANCIAL INCOME AND EXPENSES			
Financial income	8	9 132	1 074
Financial expenses	8	-24 459	-26 649
NET FINANCIAL ITEMS		**-15 327**	**-25 575**
PROFIT/(LOSS) BEFORE TAX		**-29 437**	**-82 338**
Income tax expense (benefit)	12	**0**	**0**
NET PROFIT (LOSS)		**-29 437**	**-82 338**

Statement of Comprehensive Income

(USD 1.000)		
Net profit this period	-29 437	-82 338
Other comprehensive income		-11 005
COMPREHENSIVE INCOME	**-29 437**	**-93 343**
Earnings per share:		
- Basic	-0,59	-1,65
- Diluted	-0,59	-1,65

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

STATEMENTS OF FINANCIAL POSITION

(In USD 1.000)	Notes	31.12.2016	Restated *) 31.12.2015	Restated *) 01.01.2015
ASSETS				
Non-current assets:				
Vessels, plant and equipment	13	284 276	293 235	422 193
Prepaid construction cost	13	17 134	0	0
Total non-current assets		**301 411**	**293 235**	**422 193**
Current assets:				
Other current assets	15	1 259	10 668	10 821
Cash	16	32 148	53 841	44 192
Total current assets		**33 407**	**64 509**	**55 013**
TOTAL ASSETS		**334 817**	**357 744**	**477 207**
EQUITY AND LIABILITIES				
Issued capital	18	19 630	23 018	16 463
Share premium	18	72 351	115 108	52 559
Currency translation reserve		0	-16 709	-5 704
Total capital		**91 981**	**121 417**	**63 319**
Total equity		**91 981**	**121 417**	**63 319**
Non-current liabilities:				
Deferred tax		0	0	
Long term interest bearing debt	10	238 497	232 374	400 247
Prepayments customer	10	632	0	0
Total non-current liabilities		**239 129**	**232 374**	**400 247**
Current liabilities:				
Accounts payable	19	1 134	1 036	753
Prepayments customer	19	0	0	6 514
Other current liabilities	19	2 574	2 917	6 374
Total current liabilities		**3 708**	**3 953**	**13 641**
Total liabilities		**242 837**	**236 327**	**413 888**
TOTAL EQUITY AND LIABILITIES		**334 817**	**357 744**	**477 207**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

Oslo, 4 April 2017

Bjørn Eie Henriksen
Chairman of the Board

Helge Ystheim
CEO

Statements of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	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**	**115 107**	**-16 709**	**121 417**
Opening balance adjustment **)	-3 388	-13 320	16 709	-
Restated Equity as at January 1, 2016	**19 630**	**101 787**	**-**	**121 417**
Net income (loss)		-29 437		-29 437
Equity as at December 2016	**19 630**	**72 351**	**-**	**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 Statements

(In USD 1.000)	*Note*	Year ended December 31, 2016	Restated Year ended December 31, 2015 *)
Cash flow from operating activities:			
Profit/(loss) after tax		-29 437	-82.338
Adjustment to reconcile profit/(loss) after tax to net cash flows:			
Non-cash items:			
Depreciation and impairment of property, plant and equipment	13	15 096	92 480
Financial income	8	-27	-8
Financial expenses	8	24 137	23 571
Unrealized foreign exchange differences related to cash and financing activities		-9 924	0
Working capital adjustments:			0
Increase in trade and other receivables		10 099	-946
Increase in trade and other payables		-246	-5 563
Net cash flow from operating activities		**9 698**	**25 196**
Cash flow from investing activities:			
Proceeds from sale of property, plant and equipment		0	0
Purchase of property, plant and equipment, net of cash	13	-6 825	-5 559
Prepayment Lamprell	13	-17 134	8
Interests received		27	0
Net realized agio		0	0
Net cash flow from investing activities		**-23 932**	**-5 551**
Cash flow from financing activities:			
Proceeds from issue of shares		0	0
Customer prepayments	10	632	0
Net proceeds from borrowings		0	0
Repayment of borrowings		0	0
Interest paid		-7 218	-7 342
Net cash flow from financing activities		**-6 586**	**-7 342**
Net increase/(decrease) in cash and cash equivalents		**-20 821**	14 304
Net foreign exchange differences		-872	
Cash at beginning of period		53 840	40 133
Effects of currency translation on cash and cash equivalents			-596
Cash at end of period		**32 148**	**53 840**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

NOTES TO FINANCIAL STATEMENTS 2016

1. GENERAL INFORMATION

Jacktel AS ("Company") is a private limited company incorporated in Norway. The company's headquarter is located at Rosenkrantzgate 18, 0160 Oslo, Norway. Jacktel AS is an offshore accommodation company.

The annual accounts were approved by the Board on 4th April 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statements of Jacktel AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) as approved by the European Union ("EU"), as well as the additional relevant requirements under the Norwegian Accounting Act.

2.2 BASIS OF PREPARATION OF GOING CONCERN

The financial statements have been prepared on a historical cost basis, modified for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The statement of comprehensive income is presented by nature of costs (IAS 1). The principal accounting policies are set out below.

The financial statement have been prepared based on the going concern assumption. The going concern assumption is however dependent on successful outcome of its financing process with aim to raise approximately 140 MUSD in new funding to complete the upgrade of Haven. For further information see Board of Directors' report and note 11.

2.3 PRESENTATION CURRENCY

The Company applies USD as reporting currency for its financial statements rounded to the nearest thousand unless otherwise indicated.

2.4 REVENUE RECOGNITION

Revenue is recognized at the time of the transaction when it is probable that the transaction will generate future economic benefits that will flow to the Company and the amount can be reliably estimated. Revenues are presented net of value added tax and discounts.

Lease income from operating leases is recognized in income on a straight-line basis over the lease term, including mobilization fee received and other receivable for preparation to meet a specific lease contract, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Revenues from the sale of services are recognized in the income statement according to the project's level of completion provided that the outcome of the transaction can be estimated reliably.

Interest income is recognized on an accrual basis and is included in financial items in the income statement.

2.5 FOREIGN CURRENCY

The presentation currency for the Company is USD. The presentation currency has been changed from EUR with effect from 1 January 2016. The comparative figures for 2015 have been restated accordingly. The main reason for the change is the fact that the revenue, major transactions and Vessel values are denominated in USD. Change of presentation currency has to be treated as change of accounting policy and requires a retrospective application. The comparative figures for 2015 have therefore been restated to reflect USD as presentation currency for the whole period. In addition, the financial statements presents an additional statement of financial position at the beginning of the preceding period.

The functional currency is set based on the criteria's as defined in IFRS, with revenue currency as the most important evaluation criteria. The Company evaluate functional currency on a regular basis and it might be adjusted in case of material changes in the operation. Transactions in foreign currencies are translated into USD at the exchange rate applicable on the transaction date. Monetary items in other currencies are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated into USD at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

The functional currency for each individual company in the group is evaluated based on the economic environment in which the entity operates.

2.6 Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the Board of Directors and the Executive Management. The Group has only one operational segment, which is the operation of the accommodation vessel, "Haven".

2.7 Borrowing costs

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs an entity incurs in connection with the borrowing of funds.

2.8 Income tax

Taxes in the income statement include taxes payable and changes to deferred tax. Deferred tax liability/tax asset are calculated on the basis of temporary differences between book and tax values that exist at the end of the period. Deferred tax assets are recognised to the extent that it is likely that the tax benefit can be utilised.

Deferred tax assets and liabilities are measured on the basis of the expected future tax rates applicable, recognised at their nominal value and classified as non-current assets and long-term liabilities respectively. Taxes payable and deferred taxes are recognised directly to equity to the extent that they relate to equity transactions.

2.9 Property, plant and equipment and assets under construction

Property, plant and equipment assets are recognised at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the income statement. The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised by the excess value of the carrying value of the asset and the recoverable amount, and recognised in the income statement. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to the discounted future net cash flows expected to be generated by the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however limited by the carrying value if no impairment loss had been recognised in prior years.

Depreciation is calculated using the straight-line method over the estimated economically useful life, taking residual values into consideration. Components with different economic useful life are depreciated on a straight-line basis, over the components useful life. The depreciation period and method are assessed each year. The hull is depreciated over a 30 year period from start of operation, other parts of the rig is depreciated over 10-25 years pending type of equipment. The residual value is subject to an assessment at each year-end, and changes are treated as a change of estimate.

Repair and maintenance costs are expensed in the period they are incurred. Costs related to major inspections/periodic surveys will be recognised in the carrying value of the units if certain recognition criteria are satisfied. The cost will be amortised over the period to the next inspection/survey.

2.10 LEASED OPERATING EQUIPMENT/UNITS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction rather than the form of the contract, and the determination is made when the leasing agreement is entered into. Financial leases are accounted for as debt financed purchases of assets, and the annual lease payments are allocated as finance costs and amortization of the lease liability. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. For operating leases, the lease payments (i.e. a time charter hire or bareboat hire) are recorded as ordinary operating expenses or income, and charged to profit and loss on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned or as expense in the period in which they are incurred.

2.14 IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date the company assesses whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Impairment only occur if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and the events affect the future cash flows and can be estimated reliably. If there is evidence for impairment of loan and receivables carried at amortized cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

2.15 FINANCIAL LIABILITIES - BORROWINGS

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings and the related transaction costs are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in net profit or loss when the liabilities are de-recognised as well as through the amortization process. Borrowings containing prepayment options are evaluated to determine if these options are closely related to the cost instrument or are embedded derivatives. In assessing whether the option is closely related, the Company consider whether the exercise price is approximately equal to the amortized cost at each exercise date. Borrowings are considered "current" if they fall due within 12 months after the balance sheet date. Borrowings falling due later than 12 months after balance sheet date are considered "long term".

2.16 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is de-recognised when:

- the rights to receive cash flows from the asset have expired,
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 CASH

Cash includes cash in hand and bank deposits. Restricted cash includes cash on retention account held in relation to bond loan and deposits related to office rental.

2.18 EQUITY

(a) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability are recognised in the income statement. Amounts distributed to holders of financial instruments that are classified as equity will be recognised directly in equity. Convertible bonds and similar instruments including a liability and/or an equity element are divided into two components when issued, and these are recognised separately as a liability or equity.

(b) Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly to equity after deducting tax expenses.

2.19 PROVISIONS

A provision is recognised when the Company has a present obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

2.20 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit / (loss) for the year by the weighted average number of shares outstanding in the relevant period. Diluted earnings per share are calculated based on the if-converted method; the profit/(loss) for the Company divided by the average number of outstanding shares weighted over the relevant period and the potential number of shares converted, if the criteria for conversion is fulfilled.

2.21 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

In the current year, the Company has applied the following amendments to IFRS standards issued by the International Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2016.

- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception.*
  The application of these amendments has had no impact on the Company's consolidated financial statements as the Company is not an investment entity and does not have any holding company subsidiary, associate or joint venture that qualifies as an investment entity.

- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*
  The application of these amendments has had no impact on the Company's consolidated financial statements as the Company did not have any such transactions in the current year.

- *Amendments to IAS 1 Disclosure Initiative*
  The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*
  As the Company already uses the straight-line method for depreciation and amortization for its equipment, the application of these amendments has had no impact on the Company's consolidated financial statements.

- *Amendments to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on currency in which the obligation is denominated.*
  The application of these amendments has had no effect on the Company's consolidated financial statements.

- *Amendments to IAS 34 clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.*
  The application of these amendments has had no effect on the Company's consolidated financial statements.

- *Annual improvements to IFRSs 2012 – 2014 Cycle.*
  The application of these amendments has had no effect on the Company's consolidated financial statements.

2.22 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective.

- IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. The Standard is not yet approved by the EU. The Company expect to implement IFRS 9 from January 1, 2018. The standard is not expected to have a significant effect on the Company's consolidated financial statements.

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).
Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company expects to implement IFRS 15 from January 1, 2018, but it is not expected to have a significant effect on the Company's consolidated financial statements.

- IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17, IFRIC 4, SIC-15 and SIC-4.The new lease standard sets out the principles that both parties to a contract, i.e. the lessee and the lessor apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The Standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, but not before IFRS 15 is applied. The Company expects to implement IFRS 16 from January 1, 2019. In 2017 the Company plans to assess the potential effect of IFRS 16 on its financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management bases its judgments and estimates on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The key sources of judgement and estimation of uncertainty at the balance sheet date, that have a significant risk for causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Management assess whether there are any indications of impairment for all non-financial assets at the reporting date. The vessel is tested for impairment when there are indications that the carrying values may not be recoverable. When value in use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. These are based on management's evaluations, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses. See note 13 for details.

4. Income and Segment Information

The Company's only asset is the jack-up accommodation rig "Haven". It is therefore only one segment to report.

5. Vessel Operation cost and Other Operating Expenses

(1.000 USD)	**2016**	**Restated*) 2015**
Insurance	961	1 805
Crew	4 590	10 426
Maintenace and spares	1 551	3 759
Other OPEX (incl technical Management Fee)	2 276	7 279
Costs related to Mærsk contract	456	1 649
Cost related to LayUp and Preservation	1 234	0
Vessel operation	**11 069**	**24 918**
Consultancy fees and external personnel	564	2 090
Office and administrative costs	0	13
Management agreement (see note 6)	2 971	3 488
Other operating costs	49	488
Total other operating expenses	**3 584**	**6 079**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

Vessel operation cost is related to operation of "Haven" and reflects full activity during the period from January until end July, when the Mærsk contract ended. "Haven" has been in lay up in Eydehavn from August.

Other operation cost includes cost related to demobilization of the Mærsk project, lay up cost and management fee to OSM.

Specification auditor's fee

(1.000 USD)	**2016**	**Restated*) 2015**
Statutory audit	40	32
Tax and other services	17	47
Total auditor's fee	**58**	**80**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

Auditor's fee is presented without VAT. The fee is included in Other operating expenses.

6. Salary and personnel expense and management services

There are no employees in the Company and no remuneration was paid to the Board of Directors.

All management of the Company is performed through a management services agreement with Master Marine AS providing executive management and general administration, including finance, accounting, financial reporting as well as other general services.

7. TRANSACTIONS WITH RELATED PARTIES

The Company defines related parties as anyone with control or joint control of the Company and subcontractors with direct influence in the company.

Jacktel AS has a management agreement with parent company Master Marine AS for which they have paid 2.9 MUSD during 2016 (3.5 MUSD during 2015).

The owner of the Company, Master Marine AS, have made available several loans since they became a shareholder in 2009. As of yearend 2016 all funds available are fully drawn. There is one shareholder loan active as of year-end 2016. See note 10 for details. In addition, Nordic Capital, as the majority shareholder, remains committed to Master Marine, and has provided a USD 15 mill. direct guarantee to Statoil for the fulfilment of the Company's commitments in relation to the JS contract.

(1000 USD)	**Year ended 31 December 2016**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net receivable/liabilities**
Master Marine AS	2 971	16 528	140 240	899

(1000 USD)	**Year ended 31 December 2015**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net receivable/liabilities**
Master Marine AS	3 488	18 091	130 163	521

8. FINANCIAL INCOME AND EXPENSES

(1.000 USD)	**2016**	**Restated*) 2015**
Financial income		
Interest income	27	9
Foreign exchange gains	9 105	1065
Total financial income	**9 132**	**1 074**
Financial expenses		
Interest expense	-23 861	-25 484
Foreign exchange losses	-121	-685
Other financial expenses	-477	-479
Total financial expenses	**-24 459**	**-26 648**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

Interest expense is divided between shareholder loans (16.6 MUSD) from Master Marine AS and bond loan (7.3 MUSD). Other financial expenses in 2016 are mainly related to accrued costs related to bond loan.

Foreign exchange gain relates primarily to the funding denominated in EUR, shareholder loan and bond loan.

9. INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities:

	2016		Restated*) 2015	
(1.000 USD)	**Loans and receivables**	**Other financial liabilities**	**Loans and receivables**	**Other financial liabilities**
Financial assets				
Other current assets	1 259	0	10 669	0
Cash and cash equivalents	32 148	0	53 841	0
Total financial assets	**33 407**	**0**	**64 509**	**0**
Financial liabilities				
Other long term liabilities	238 497	632	232 374	0
Accounts payable	0	1 134	0	1 036
Other current liabilities	2 573	0	2 917	0
Total financial liabilities	**241 070**	**1 766**	**235 291**	**1 036**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

10. NON-CURRENT LIABILITIES

31.12.2016

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value (incl accrued interests)**
99,8 MEUR Term loan facility	Master Marine AS	99 830	109 009	12 %	140 240
95 MEUR Bond loan	Nordic Trustee ASA	95 000	103 735	7 %	98 257
Total long term interest bearing debt		**194 830**	**212 745**		**238 497**
Prepayments from customer					632
Total non-current liabilities					**239 129**

Pre-payments from customer relates to reimbursable costs paid by Statoil of which the income will be recurred during the contract period, starting summer 2018.

31.12.2015

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value (incl accrued interests)**
99,8 MEUR Term loan facility	Master Marine AS	99 830	109 009	12 %	130 163
95 MEUR Bond loan	Nordic Trustee ASA	95 000	103 735	7 %	102 212
Total long term interest bearing debt		**194 830**	**212 745**		**232 374**
Total non-current liabilities					**232 374**

Parent Company Loans

Jacktel has one shareholder loan provided by Master Marine in the amount of 99.8 MEUR. The loan accrues interest on quarterly basis and matures on 30 September 2019. The loan carries a fixed interest of 12 %.

95 MEUR Bond loan

In July 2014 the Company signed a Bond agreement in the maximum amount of 190 MEUR, where 95 MEUR was drawn in 2014. Expiry date is 8 July 2019 and the loan holds a fixed interest of 7 % p.a, payable quarterly. The loan agreement holds a minimum cash covenant of at least 5 MEUR, or 4% of the outstanding bonds. The bonds are listed on Nordic ABM.

11. Financial Instruments and Risk Management

Risk Management Overview

The Company operates on an international basis with cash flows and financing in various currencies. The Company is therefore exposed to market risks related to fluctuations in exchange rates and interest rates. To reduce and manage the risks, the Company periodically reviews and assesses the financial market risks, including liquidity risk and credit risk. When risks are identified, appropriate action is taken to mitigate the risk.

Operational Risk

Utilization of the accommodation vessel Haven is considered to be the largest operational risks, hence both owner and technical manager work closely together to maximize the utilization. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. Jacktel monitors the technical manager's performance on a regular basis in order to mitigate any operational risk.

Market risk in the short term is considered to be significant due to the low activity in the accommodation market for new contracts in 2017. Even though management is positive, there is a significant risk in terms of utilization of the vessel and rates in the periods before and after the contract with Statoil.

Currency Risk

Due to the fact that the revenue is denominated in USD, the Company changed its functional currency from EUR to USD with effect from 1 January 2016. The Company aim to minimize the currency risk by balancing, to the extent possible, the currencies of different types of assets and liabilities as well as balancing revenues against expenses. The long term debt is denominated in EUR.

The Company may reduce the currency risk generated from operational cash flows by using derivatives. The Company has not entered into any currency derivatives in 2015 or 2016. All currency trade has been on spot basis.

	+/- USD/EUR	**Profit before tax** ***(1.000 USD)***	**Equity** ***(1.000 USD)***
2016	5%	9 111/-10 070	-9 111/-10 070
2015	5%	481/-481	481/-481

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest bearing debt includes the Bond loan and the loan from Master Marine AS. Interest on both loan facilities is fixed.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions.

The Company is continuously monitoring the credit risk since low oil price over a long period might have an effect on client's financial strength. The client risk in general is relatively limited since these are typically major oil companies operating in the North Sea, with high credit ratings.

As of 31.12.2016 there is no objective evidence indicating that the accounts receivable is impaired and no impairment losses have been recognized in the income statement.

Credit risk from balances with banks and financial institutions is managed in accordance with Company policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Credit assessment of sub-contractors and suppliers is part of Jacktel's project evaluations and risk analysis.

Liquidity Risk

The liquidity risk is mainly related to potential loss of day rate due to down time on "Haven". The Company makes active use of a system for planning and forecasting to secure stable and sound development of the liquidity.

Following the award of the Johan Sverdrup contract, the Company has undertaken to upgrade Haven to enable the unit to be positioned at the Johan Sverdrup field. The upgrade will be executed by Lamprell, who has been awarded a turnkey contract for the upgrade of the unit. Expected cost of the upgrade is approximately 117 MUSD and will be more than recovered over the firm 18 month contract with Statoil. In connection with the upgrade, Jacktel has entered into an 86 MUSD turnkey contract with Lamprell. The payment structure in the Lamprell contract is based on milestones, and approximately 34 MUSD is payable in September 2017. As a result of these commitments, the group has embarked upon a financing process with the aim of raising approximately 140 MUSD in new funding. The financing, which the company is dependent on, is progressing well and is expected to be complete during 2nd quarter 2017, well ahead of when the group is in conflict with the existing bond agreement.

The table below summarizes the maturity profile of the Company's financial liabilities:

At 31.12.2016 *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter**	**Total**
Bond loan	1 729	5 188	6 917	103 997	0	**117 831**
Parent company loans				193 933	0	**193 933**
Trade and other payables	2 189	0	632		0	**2 821**
Sum	3 919	5 188	7 549	297 930	0	**314 585**

At 31.12.2015 Restated *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter**	**Total**
Bond loan	1 815	5 446	14 523	109 181	0	**130 966**
Parent company loans	0	0		203 600	0	**203 600**
Trade and other payables	1 058	633	0		0	**1 691**
Sum	2 873	6 079	14 523	312 782	0	**336 258**

The Company manages its excess liquidity from loan and equity with low risk placements. All financial capital is currently placed on deposits with first class banks with investment grade rating in Norway.

Financial instrument or derivatives risk

The Company uses financial instruments and derivatives to manage its financial risks, including spot contracts for buying and selling currencies. Spot contracts are mainly used to sell EUR and buy NOK to pay operational expenses. No swaps or forward contracts have been entered into in 2016.

Financial assets and liabilities risk

Set out below is a comparison by category for carrying amounts and fair values of all of the Company's financial assets and liabilities that are carried in the financial statements. The estimated fair value amounts have been determined by management, using appropriate market information and valuation methodologies based on IFRS level 1-3 hierarchy. The carrying amount of cash and cash equivalents is a reasonable estimate of their fair value.

	31.12.2016				31.12.2015			
	Fair value measurement using:				Fair value measurement using:			
(1.000 USD)	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
Other current assets	0	0	1 259	1 259	0	0	10 669	10 669
Cash and cash equivalents	0	32 148	0	32 148	0	53 841	0	53 841
Total financial assets	**0**	**32 148**	**1 259**	**33 407**	**0**	**53 841**	**10 669**	**64 509**
Long term liabilities	0	0	140 240	140 240	0	0	130 163	130 163
Bond loan	88 495	0	0	98 257	92 246	0	0	102 212
Accounts payable	0	0	1 134	1 134	0	0	1 036	1 036
Prepayments customer	0	0	632	632	0	0	0	0
Other current liabilities	0	0	3 205	3 205	0	0	2 917	2 917
Total financial liabilities	**88 495**	**0**	**144 580**	**242 837**	**92 246**	**0**	**134 116**	**236 327**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

Fair value on bond loan is based on prices per December 2016; 90.065% (per December 2015, 90.25%).

12. INCOME TAX

(1.000 USD)	2016	2015
Tax payable	0	0
Changes in deferred tax	0	0
Income tax expense	**0**	**0**
Tax payable for the year	0	0
Correction of previous years current income taxes	0	0
Total tax payable	**0**	**0**

Reconciliation of the effective tax rate and nominal tax rate applicable to Jacktel AS:

(1.000 USD)	2016	2015
Pre-tax profit/(loss)	**-29 437**	**-82 338**
Expected income taxes according to income tax rate 27 %	-7 359	-22 231
Non deductable expenses	0	0
Currency effect	-1 146	7 474
Changes in deferred tax asset not recognized in the balance sheet	2 559	2 262
Other	5 947	12 495
Income tax expense	**0**	**0**

Deferred tax and deferred tax assets:

(1.000 USD)	**2016**	**2015**
Deferred tax assets		
Long term liabilities at amortized cost	-251	-411
Vessels, plant and equipment	6 102	2 196
Deferred taxation on profits and losses	0	0
Tax losses carried forward	34 546	39 167
Non deductible interest cost carry forward*	14 331	11 217
Net unrecognized deferred tax assets/(liabilities)	**54 728**	**52 169**

** There is a limitation of interest cost that can be deducted from related parties. The Company have a total unrecognized tax asset of 14.3 MUSD related to non-deductible interest which can be carried forward for 5 years.*

Jacktel as has total tax losses carried forward of 204 MUSD as at 31st December 2016 (2015:188 MUSD).

13. NON-CURRENT ASSETS

Vessels, plant and equipment

Depreciation is based on the economic life of the asset using a linear depreciation method. As of the balance sheet date, the Company's main assets were one vessel.

	2016		**Restated*) 2015**	
(1.000 USD)	Vessels in operation	Total	Vessels in operation	Total
Accumulated cost 1 January	568 679	568 679	626 887	626 887
Disposals	0	0	-13	-13
Additions	6 136	6 136	5 613	5 613
Accumulated cost 31 December	**574 815**	**574 815**	**632 487**	**632 487**
Accumulated depreciation 1 January	-275 443	-275 443	-204 695	-204 695
Depreciation	-15 096	-15 096	-16 391	-16 391
Impairment	0	0	-76 252	-76 252
Accumulated depreciation and impairment 31 December	**-290 539**	**-290 539**	**-297 338**	**-297 338**
Currency translation			-41 916	**-41 916**
Carrying value 31 December	**284 277**	**284 277**	**293 235**	**293 235**

*) Comparative information for the year ending 31 December 2015 is restated due to change of functional and presentation currency.

The capitalized amounts during the year are related to installation of automatic greasing system (1.7 MUSD), new lifeboats and the Johan Sverdrup project.

Additionally a prepayment to Lamprell of 17.1 MUSD was performed late 2016, which calculates to 20% of the total contract value with Lamprell. The payment is classified as prepaid construction cost.

Impairment

At each reporting date, an assessment is made according to IAS 36.9, on whether internal or external information indicates a potential fall in the value of non-current assets. Due to the current market environment and uncertainty regarding future contracts, management has carried out impairment test for "Haven". The impairment test is based on assumptions and projections at the time of approving the financial accounts of 2016.

In 2015 (Q2) the Company recognized an impairment charge of 76.2MUSD, as a result of recoverable amount being estimated at 302.6 MUSD.

Value of "Haven" accommodation unit

Management has made an assessment of the asset value using the value in use principle (IAS 36.66) and a set of assumptions. In addition external broker evaluations have been retrieved, which support the management conclusion.

The book value of "Haven" was 284 MUSD as of 31st December 2016.

The following assumptions were used in the impairment test:

- Pre-tax discount rate: 10.37 %
- Day rates after the end of the Johan Sverdrup contract: 220.000 USD
- Utilization at the end of the current contract period: 88 %

The short term utilization until the commencement of the Johan Sverdrup contract is expected to be lower than described above, which is accounted for in the impairment analysis.

Given changes in the above stated assumptions, the impact on the financial statement would be:

- Pre-tax discount rate (percentage points): +1 % Impairment: 21 MUSD
- Dayrates at end of contract period: -10 % Impairment: 33 MUSD
- Utilization (percentage points): -5 % Impairment: 18 MUSD

14. Contractual obligations

(1.000 USD	**2016**	**2015**
2016	n/a	80
2017	48 552	114
2018	42 254	0
2019	0	0
2020	0	0
2021	0	0
Total	**90 806**	**193**

The table discloses contractual obligations for the Company the next five years at balance sheet date. Obligations in 2017 and 2018 are mainly related to committed amount per 31.12.2016 for the Johan Sverdrup upgrade project.

15. Other current assets

(1.000 USD)	**2016**	**Restated*) 2015**
Trade debtors	30	4 833
Pre-paid expenses	621	1 687
Other current assets	147	1 178
VAT refund	461	2 971
Total other current assets	**1 259**	**10 668**

16. CASH

(1.000 USD)	**2016**	**Restated*) 2015**
Cash	30 989	52 630
Restricted cash	1 159	1 210
Cash and cash equivalents in the balance sheet	**32 148**	**53 841**

Restricted cash consist of interest on Bond loan, due for payment January 2017.

17. EARNINGS PER SHARE

The basic earnings per share are calculated as the ratio of the profit/(loss) for the year attributable to shareholders divided by the weighted average number of ordinary shares outstanding during the financial year.

	2016	**2015**
Average number of shares outstanding	50 000 000	50 000 000
Effect of dilutive potensial ordinary shares:		
Diluted average number of shares outstanding	50 000 000	50 000 000
Profit /(loss)	**-29 437**	**-82 338**
Earnings per share:	**2016**	**2015**
- Basic	-0,59	-1,65
- Diluted	-0,59	-1,65

18. SHARE CAPITAL AND SHAREHOLDER INFORMATION

Changes to the number of shares:

	No. of shares	
	2016	**2015**
Ordinary shares		
At 1 January	50 000 000	50 000 000
At 31 December	**50 000 000**	**50 000 000**

All shares are owned by Master Marine AS. The nominal value per share is NOK 3.

For calculation of earnings per share and diluted earnings per share see Note 17.

19. OTHER CURRENT LIABILITIES

(1.000 USD)	**2016**	**Restated*) 2015**
Trade accounts payables	1 134	1 036
Other current liabilities	2 574	2 917
Total	**3 708**	**3 953**

Other current liabilities consist mainly of accrued unpaid interest on loans and various offset for cost incurred, but not paid.

20. LEGAL DISPUTES

The Company has currently no outstanding legal disputes.

21. EVENTS AFTER THE BALANCE SHEET DATE

No significant events since 31.12.2016.

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Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Jacktel AS

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Jacktel AS, which comprise the statement of financial position as at 31 December 2016, the statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Jacktel AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the Board of Director's report and Note 2.2 in the financial statements, which indicates that the Group is dependent of financing to meet its future liabilities. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Managing Director (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 4 April 2017
ERNST & YOUNG AS

Jon-Michael Grefsrød

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)