ANNUAL REPORT 2018

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JACKTEL AS

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REPORT OF THE BOARD OF DIRECTORS

JACKTEL AS

Jacktel AS is a 100% owned subsidiary of Master Marine AS, the parent company in the Master Marine Group. The Group is located at Rosenkrantzgate 18 in Oslo, Norway. Jacktel AS was established in 2009 and is the owner of the jack-up accommodation rig Haven. Master Marine AS prepares consolidated financial statements that include Jacktel AS.

SUBSEQUENT EVENTS

On 3 March 2019, Master Marine's main shareholder, Nordic Capital, and Paragon Outcomes, the owner of the Crossway Group agreed to merge the two companies through the formation of a new holding company which will own the two existing companies. Following the merger, Master Marine will be owned 100% by the new holding company. Nordic Capital will be the majority shareholder of the new holding company.

The merger will not be in conflict with the change of control provision of Jacktels bond agreement.

According to the charter agreement with Equinor for the use of Haven at Johan Sverdrup, extension options related to the charter should be exercised by March 7th 2019. Equinor has not exercised such options, and the company is now actively marketing the unit for work in 2020.

FINANCIAL DEVELOPMENT AND RESULTS

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

The annual accounts were approved by the Board of Directors on 5th April 2019.

Finance (2017 figures in brackets)

Financial results
Operating revenue for 2018 was 90.2 MUSD (0 MUSD) due to the Johan Sverdrup contract commencing June 2018. Operating expenses were 67.0 MUSD (23.8 MUSD), of which 18.1 MUSD relates to vessel OPEX, 2.9 MUSD relates to various engineering services and management fee paid to Jacktel's parent company, Master Marine and 46.1 MUSD (15.2 MUSD) relates to depreciation. This resulted in an EBITDA of 69.2 MUSD (-8.5 MUSD). Operating profit for the year amounted to 23.2 MUSD (loss of 23.8 MUSD).

Interest expenses for 2018 equaled 46.5 MUSD (30.8 MUSD), of which 12.8 MUSD relates to interests payable on external loans and 33.8 MUSD relates to interests on shareholder loans. Net exchange gain for 2018 equalled 12.4 MUSD.

The Statement of Financial position reflects the book value of the accommodation rig Haven amounting to 371.6 MUSD. Current assets include accounts receivable of 25.8 MUSD. Non-current liabilities include a Bond loan of 146.9 MUSD. Current liabilities include a Bank loan of 98.9 MUSD and a Shareholder loan from Master Marine AS of 183.1 MUSD.

The fair market value of Haven is dependent on the development in the offshore industry. As previously announced, Haven has an 18 months contract with Equinor at the Johan Sverdrup field that commenced in June 2018. The contract value for the fixed period is approximately 195 MUSD. The contract visualizes the unit's attractiveness in a competitive market.

The Company has performed an impairment assessment as of 31 December 2018 concluding that Haven should not be impaired. This valuation is also supported by external broker valuations (charter free) and the implied valuation in the merger. Based on this, the Board of Directors considers the book value of Haven to be fair as of the date of this report. For further details, reference is made to note 13. The equity level at year-end 2018 at consolidated level is minus 3,8% (0,02 %). For further comments, reference is made to the Going Concern section.

Net loss for 2018 equaled 16.4 MUSD (loss of 91.9 MUSD). The Board of Directors proposes to charge the net loss to retained losses.

Cash flow and liquidity
Operational cash flow in 2018 was 41.1 MUSD (-0.5 MUSD). Cash flow from investments was -66.7 MUSD, (-64.4 MUSD) and cash flow from financing was -27.9 MUSD (112.1 MUSD) mainly relating to interest paid. This resulted in a net decrease in cash and cash equivalents in 2018 of -53.5 MUSD (increase of 47.3 MUSD). As of year-end 2018, the Company had overall cash reserves of 25.5 MUSD (79.4 MUSD).

Cash flow from investing activities refer to the Johan Sverdrup project upgrades.

Cash flow from financing activities relates to a new Bond loan and a Bank loan.

With the 2018 refinancing of external debt, the current Johan Sverdrup contract, which will provide for a stable sustainable cash flow over at least the next 12 months period, the Board of Directors considers the company's liquidity position to be adequate and confirms that the assumption of going concern is in place and forms the basis for the year-end financial statements, refer to the Going Concern section.

Alternative Performance Measures
The European Securities and Markets Authority issued guidelines on Alternative Performance Measures (APMs) that came into force on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

- EBITDA. When used by the Company means Earnings Before Interest, Tax, Depreciation and Amortization. The Company believes that EBITDA provides useful information about the ability to serve the long-term debt.
- EBIT. When used means Earnings Before Interest and Tax and provides information about the profitability of the Company.
- 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.

Financial Exposure

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 exposure against EUR has significantly been reduced as part of the refinancing in 2018.

Long term commitment for Haven was secured from June 2018 for 18 months through the charter contract with Equinor 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 Company is exposed to a number of different market risks arising from the Company'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
Utilization is considered to be one of the most significant 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.

Currently, the market remains quiet with few specific contract opportunities identified for the early part of 2020. In the longer term increased demand should be expected on the back of the strengthening oil price. Oil companies are currently generating strong cash flows and most fields are financially attractive at oil prices around 60 – 70 USD per barrel. Assuming the oil price remains at current level, the activity level is expected to increase. In the first instance, we expect 2020 to be dominated by brownfield activity, but we see signs of a recovery in the greenfield activity already in 2021 and 2022 and will continue to market Haven towards these prospects.

The board of directors believes that the strong performance on Johan Sverdrup, with no lost time incidents and 100% gangway connection since commencement of the contract, will form a strong basis for Haven being a preferred accommodation vessel for greenfield projects requiring year around operational performance.

Health, Safety and Environmental (HSE) Reporting

The Company aims to conduct all operations in a safe and environmentally friendly way.

The Company works closely with technical manager 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 5.8 % compared to 1.3 % in 2017.

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 the parent company. Master Marine AS is 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

Even though the offshore service market has continued to be challenging throughout 2018, several segments have performed better than expected one year ago. Within accommodation, we have seen a significant increase in utilization of the active fleet, and most vessels have secured high utilization throughout 2019. This is contrary to the expectation one year ago when few contract opportunities were clearly visible. This proves the change in the market conditions with reduced lead time between contract award and contract commencement. The situation early 2019 has a strong resemblance to the current situation where the North Sea accommodation fleet has a low order back log for 2020 and beyond. The board of directors does however expect that the accommodation fleet ultimately will get a fair utilization also for 2020. Fierce competition should however be expected for the first contract opportunities. As a result, day rates could again come under pressure, and we have historically seen some players focus on maintaining a decent utilization of their fleet rather than a sustainable day rate level.

Based on market analysis, several greenfield prospects are likely to need additional bed capacity as from 2021 and beyond, and the board expects this will result in a gradual recovery in the market. Further, drilling activity remains at a fair level, and we have seen an increase in day rates to levels where drilling contractors generate a positive EBITDA. Further oil prices have continued to strengthen early March 2019. The board of directors believes this is an early indicator of increased activity in the longer term

Assuming the oil price remains at levels around USD 60 – 70 / barrel, the board of directors 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 depths 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. Authorities and oil companies focus on increased recovery rate from existing oil fields and expect that this will extend the economic lifetime of the fields. In addition, older infrastructures are frequently used in connection with development of new oil fields. In total these factors should have a positive impact on the demand for additional bed capacity in the longer term.

GOING CONCERN

As of 31 December 2018, Jacktel AS has a net equity of -16.3 MUSD. The net loss for 2018 is 16.4 MUSD which is mainly due to depreciation of 46.1 MUSD and financial expenses of 39.6 MUSD. The financial expenses consist partly of interest on long-term loans and partly of unrealized exchange loss.

Based on the refinancing of the Company's bond loan in December 2018, future operational cash flow from the Sverdrup contract and a planned conversion of the shareholder loan (183.1 MUSD) to equity in 2019, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the financial statements in accordance with the Norwegian Accounting Act.

INTERNAL CONTROL

Internal control related to the financial statements closing process is established to ensure the reliability of the financial reporting and compliance with applicable laws and regulations. Policies and procedures established by Management contribute to secure necessary competence, segregation of duties, risk assessments and quality in internal and public reporting. In respect of the reporting, the Board of Directors demonstrates independence from Management.

Jacktel also identifies and evaluates risks that may affect the business and how to mitigate the exposure. The risk for fraud is also considered on a regular basis.

Stavanger, 5th April 2019

Bjørn Eie Henriksen

Chairman of the Board

Roy Hallås

CEO

FINANCIAL STATEMENTS 2018

STATEMENT OF PROFIT AND LOSS

1 January – 31 December

(USD 1.000)	Notes	2018	2017
Revenue	4	90 193	0
TOTAL OPERATING REVENUE		**90 193**	**0**
OPERATING EXPENSES			
Vessel operation cost	5	-18 106	-5 637
Other operating expenses	5	-2 867	-2 903
Depreciation	13	-46 070	-15 225
TOTAL OPERATING EXPENSES		**-67 043**	**-23 764**
OPERATING PROFIT / (LOSS)		**23 151**	**-23 764**
FINANCIAL INCOME AND EXPENSES			
Financial income	8	12 717	166
Financial expenses	8	-52 268	-68 307
NET FINANCIAL ITEMS		**-39 552**	**-68 141**
PROFIT/(LOSS) BEFORE TAX		**-16 401**	**-91 905**
Income tax expense (benefit)	12	**0**	**0**
NET PROFIT (LOSS)		**-16 401**	**-91 905**

STATEMENT OF COMPREHENSIVE INCOME

(USD 1.000)			
Net profit this period		-16 401	-91 905
Other comprehensive income		0	0
COMPREHENSIVE INCOME		**-16 401**	**-91 905**
Earnings per share:			
- Basic	16	-0,33	-1,84
- Diluted	16	-0,33	-1,84

STATEMENT OF FINANCIAL POSITION

(In USD 1.000)	Notes	**31.12.2018**	**31.12.2017**
ASSETS			
Non-current assets:			
Vessels, plant and equipment	13	371 638	297 988
Prepaid construction cost		0	52 731
Total non-current assets		**371 638**	**350 719**
Current assets:			
Trade receivables	9/14	25 772	0
Other receivables	9/14	2 299	4 013
Cash	9/15	25 944	79 416
Total current assets		**54 014**	**83 429**
TOTAL ASSETS		**425 652**	**434 148**
EQUITY AND LIABILITIES			
Equity:			
Issued capital	17	19 630	19 630
Retained losses	17	-35 956	-19 554
Total capital		**-16 326**	**76**
Total equity		**-16 326**	**76**
Non-current liabilities:			
Long-term interest-bearing debt	9/10	146 880	420 188
Prepayments customer	9/10	0	3 594
Total non-current liabilities		**146 880**	**423 782**
Current liabilities:			
Accounts payable	9/18	3 403	2 606
Prepayments customer	9/18	6 175	1 702
Short-term interest-bearing debt	7/9/18	282 061	0
Other current liabilities	9/18	3 459	5 982
Total current liabilities		**295 098**	**10 290**
Total liabilities		**441 978**	**434 072**
TOTAL EQUITY AND LIABILITIES		**425 652**	**434 148**

Stavanger, 5th April 2019

Bjørn Eie Henriksen

Chairman of the Board

Roy Hallås

CEO

STATEMENT OF CHANGES IN EQUITY

(In USD 1.000)	Share Capital	Share-premium	Retained losses	OCI reserve	Total equity
Equity as at January 1, 2017	**19 630**	**72 351**	**0**	**0**	**91 981**
Net profit (loss)	0	-72 351	-19 554	0	-91 905
Other comprehensive income	0	0	0	0	0
Equity as at December 2017	**19 630**	**0**	**-19 554**	**0**	**76**
Net profit (loss)	0	0	-16 401	0	-16 401
Other comprehensive income	0	0	0	0	0
Equity as at December 2018	**19 630**	**0**	**-35 955**	**0**	**-16 326**

CASH FLOW STATEMENT

(In USD 1.000)	*Note*	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Cash flow from operating activities:			
Profit (loss) before tax		-16 401	-91 905
Adjustment to reconcile profit (loss) after tax to net cash flows:			
Non-cash items:			
Other income amortized		-3 409	
Depreciation	13	46 070	15 225
Financial income	8	-334	-166
Financial expenses	8	40 356	74 067
Working capital adjustments:			
Increase (-)/decrease in trade and other receivables		-23 697	-3 813
Increase/decrease (-) in trade and other payables		-1 483	6 052
Net cash flow from operating activities		**41 102**	**-540**
Cash flow from investing activities:			
Interest received	8	334	166
Rig upgrade	13	-66 989	-28 937
Prepaid construction costs	13	0	-35 597
Net cash flow from investing activities		**-66 655**	**-64 368**
Cash flow from financing activities:			
Interest paid	8	-46 500	-30 784
Customer prepayments	10	3 374	2 962
Refinancing and hedging cost paid		-12 588	0
Net proceeds from borrowings	10	27 795	139 998
Net cash flow from financing activities		**-27 919**	**112 176**
Net increase/(decrease) in cash and cash equivalents		**-53 472**	**47 268**
Cash at beginning of period		79 416	32 148
Cash at end of period		**25 944**	**79 416**

Notes to Financial Statements 2018

1. General information

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

The annual accounts were approved by the Board of Directors on 5th April 2019.

2. Summary of significant accounting policies

2.1 Statement of compliance

The consolidated financial statements of Jacktel has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), as well as the additional relevant requirements under the Norwegian Accounting Act.

2.2 Basis of preparation and 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 financial statements have been prepared based on the going concern assumption. The statement of comprehensive income is presented by nature of costs (IAS 1). The principal accounting policies are set out below.

The financial statements provide comparative information in respect of the previous period. The Company also presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Although the equity is negative with 16.3 MUSD, the refinancing in December, the Johan Sverdrup contract and a planned conversion of shareholder loan (183.1 MUSD) to equity in 2019 provides a basis for the going concern assumption.

2.3 Changes in accounting policies and disclosures

IFRS 15 Revenue from contracts with customers

The Company and the Group has applied IFRS 15 from 1 January 2018, the standard replaced IAS 18 Revenue and IAS 11 Construction Constracts.

IFRs 15 requires identification of the performance obligations for the transfer of goods and services in each customer contract. Revenue can first be recognized upon satisfaction of performance. IFRS 15 was implemented with use of the modified retrospective approach with no practical expedients used. With exception for additional note disclosures and segregation of the service component and the lease component the new standard did not have any impact.

IFRS 9 Financial instruments

The Company has applied IFRS 9 from 1 January 2018 and not adjusted the comparative information. The standard replaced IAS 39 and IAS 32. The classification and measurement requirements of IFRS 9 did not have significant impact. The following changes have been made to the classification of the Company's financial assets

- Trade receivables and other non-current financial assets classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning at 1 January 2018.

2.4 Presentation currency

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

2.5 Revenue recognition

Jacktel is providing offshore accommodation services using the vessel "Haven". Revenue from contracts with customers is recognized when control of the services is transferred to the customer and at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

Lease income from operating leases is recognized as income on a straight-line basis over the lease term, and other receivable for preparation to meet and fulfill the requirements of the specific contract, unless another systematic basis is more representative.

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

2.6 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency.

The functional currency is set based on the criteria defined in IFRS, with revenue currency as the most important one. Revenue, major transactions and vessel valuation are denominated in USD. 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.

2.7 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 Company has only one operational segment, which is the operation of the accommodation vessel, “Haven”.

2.8 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.

2.9 Income tax

Taxes in the income statement include taxes payable and changes to deferred tax. Deferred tax liabilities/tax assets are calculated based on the 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 based on 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.

2.10 Property, plant and equipment and assets under construction

Property, plant and equipment 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 component useful life. The depreciation period and method are assessed every year. The hull is depreciated over 30 years from start of operation, other parts of the rig is depreciated over 10-25 years pending on type of equipment. Project specific upgrades are depreciated over the useful life of the contract. 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.

2.11 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 entering into the leasing agreement. 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.

2.11 Impairment of financial assets

Receivables are initially recognized at fair value which in general is the original invoice amount. For trade receivable and loans to subsidiaries the Group and the Company applies a simplified approach in calculation expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on liftetime expected credit losses at each reporting date, based on historical credit loss experience adjusted for forward looking factors specific to the debtors and the economic environment.

2.12 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".

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 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 is required 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 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

  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 will adopt IFRS 16 from January 1, 2019. The Company does not have any material lease agreements and no significant impact is expected. The Company will apply the modified approach.

- *IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12.

- *Annual improvements 2015 – 2017 Cycle*
  IAS 12 Income taxes. The amendments clarify that the income tax consequences of dividends are linked into more directly to past transactions or events that generated distributable profits than to distributions to owners.

  IAS 23 Borrowing Costs. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, 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 expected to be reasonable under the circumstances. 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.

Estimates and assumptions with significant impact on Jacktel's financial statements relate to depreciation and impairment assessment of the Company's assets. 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.

Estimates and assumptions may also have impact on the depreciation of fixed assets. The management determines the expected economic useful life of the assets based on the time of acquisition and subsequent refurbishments. For details regarding depreciation periods, reference is made to section 2.9.

Management also make judgment regarding capitalization of the deferred tax asset. Currently there are no convincing evidence, accordingly no deferred tax asset is recognized. Per 31 December 2018 the tax losses carried forward for the Company amounts to 197 MUSD.

Regarding the revenue from contracts with customers, Jacktel has applied the following judgements that significantly affect the determination of the amount and timing:

Jacktel has two ongoing contracts; one for use of the accommodation rig and one for catering services on the same rig. The contract for use of the rig consists of two elements; one for lease of the rig and one for services provided onboard. The compensation is also split between a capital element and an operating element. Services provided are compensated based on daily rates.

Management is accordingly able to determine the transaction price and allocate the price to the performance obligations. Services are invoiced and compensated based on when they are provided, and Management is also able to recognize the revenue when performance obligations are satisfied.

Variation orders issued by the customer during the year have recognized using the same principle. The variation orders have clearly described the performance obligations and the transaction price.

Modification work requested and financed by the customer has been capitalized as part of the upgrade project. The modification is contract specific and the cost will be amortized over the fixed contract period.

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 which is equal to the income statement. Operating revenue in 2018 relates to the contract with Equinor on the Johan Sverdrup oil field.

Specification of revenue	**Consolidated**	
(1.000 USD)	**2018**	**2017**
Leasing element of Charter hire	60 725	0
Service element of Charter hire	13 487	0
Management Fee	0	0
Other Income	15 981	0
Total revenue	**90 193**	**0**

Other Income relates to reimbursable additional services to Equinor. Future minimum payments under non-cancellable operating leases contracted for at the reporting date, but not recognized as receivable amounts to 99.8 MUSD. The Sverdrup contract expires in 2019, accordingly, from 2020, the Company is actively marketing Haven for new projects.

5. Vessel Operation cost and Other Operating Expenses

(1.000 USD)	**2018**	**2017**
Insurance	608	433
Crew	7 459	1 452
Maintenace and spares	1 003	358
Other OPEX (incl technical Management Fee)	1 935	2 445
Reimbursable cost	7 101	0
Cost related to LayUp and Preservation	0	949
Vessel operation	**18 106**	**5 637**
Consultancy fees and external personnel	201	337
Office and administrative costs	-690	0
Management agreement (see note 6)	3 160	2 538
Other operating costs	196	28
Total other operating expenses	**2 867**	**2 903**

Specification auditor's fee

(1.000 USD)	**2018**	**2017**
Statutory audit	48	50
Tax and other services	4	4
Total auditor's fee	**52**	**54**

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.

The management of the Company is performed through a management services agreement with the parent company 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 the parent company Master Marine AS for which they have paid 3.2 MUSD during 2018 (2.5 MUSD during 2017).

Transactions with related parties can be specified as follows. Reference is also made to note 18 regarding the short-term loans.

(1000 USD)	**Year ended 31 December 2018**			
Short-term debt to Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Master Marine AS	3 161	33 555	183 119	-973

(1000 USD)	**Year ended 31 December 2017**			
Long-term debt to Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Master Marine AS	2 538	20 792	248 240	270

In addition, Nordic Capital, the majority shareholder, remains committed to Master Marine and has provided a 15 MUSD direct guarantee to Equinor for the fulfilment of the Company's commitments in relation to the Johan Sverdrup contract

8. FINANCIAL INCOME AND EXPENSES

(1.000 USD)	**2018**	**2017**
Financial income		
Interest income	334	166
Foreign exchange gains	12 383	0
Total financial income	**12 717**	**166**
Financial expenses		
Interest expenses	-46 501	-30 784
Foreign exchange losses	0	-36 096
Other financial expenses	-5 767	-1 427
Total financial expenses	**-52 268**	**-68 307**

Interest expenses relate to interest on shareholder loans from Master Marine AS (33.8 MUSD) and interest on bond loan (12.8 MUSD). Other financial expenses mainly consist of costs related to the bond loan.

Foreign exchange gains mainly relate to the loans and cash equivalents denominated in EUR. Going forward the EUR currency risk is significantly reduced due to refinancing of the bond loan (see note 10)

9. INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities:

	2018		2017	
(1.000 USD)	**Loans and receivables**	**Other financial liabilities**	**Loans and receivables**	**Other financial liabilities**
Financial assets				
Trade and other receivables	28 071	0	4 013	0
Cash and cash equivalents	25 944	0	79 416	0
Total financial assets	**54 014**	**0**	**83 429**	**0**
Financial liabilities				
Other long-term liabilities	0	146 880	0	423 782
Other short-term liabilities	0	282 061	0	0
Accounts payable	0	3 403	0	2 606
Other current liabilities	0	9 634	0	7 684
Total financial liabilities	**0**	**441 978**	**0**	**434 072**

10. NON-CURRENT LIABILITIES

31.12.2018 *(1.000 USD)* **Description**	**Lender**	**Nominal amount USD**	**Interest rate**	**Book value**
150 MUSD Bond Loan (Jacktel AS)	Nordic Trustee ASA	150 000	10 %	146 880
Total Long-term interest-bearing debt		**150 000**		**146 880**
Total Consolidated non-current liabilities		**150 000**		**146 880**

31.12.2017

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value**
99.8 MEUR Term loan facility	Master Marine AS	99 830	119 726	12 %	181 097
65.6 MUSD Term loan facility	Master Marine AS		65 600	16 %	67 143
146 MEUR Bond loan	Nordic Trustee ASA	146 000	175 099	7 %	171 948
Total long-term interest-bearing debt		**245 830**	**360 425**		**420 188**
Prepayments from customer					3 594

Reconciliation of movements of liabilities to cash flows arising from financing activities:

2018 *(1.000 USD)*	**Interest- bearing debt**
Balance as of 1 January 2018	420 188
Proceeds from borrowings	27 795
Changes from financing cash flow	27 795
Unrealized exchange loss	-18 016
Amortized borrowing costs	-1 026
Total liability related other changes	-19 042
Balance as of 31.12.2018	**428 941**

2017 *(1.000 USD)*	**Interest- bearing debt**
Balance as of 1 January 2017	238 497
Proceeds from borrowings	139 998
Changes from financing cash flow	139 998
Unrealized exchange loss	40 267
Amortized borrowing costs	1 426
Total liability related other changes	41 693
Balance as of 31.12.2017	**420 188**

150 MUSD Bond loan

In December 2018 Jacktel AS (100% subsidiary of Master Marine) issued a Bond agreement in the amount of 150 MUSD. The maturity date is 4 December 2023 and the loan holds a fixed interest of 10 % p.a, payable quarterly. The loan agreement holds a minimum cash covenant of at least 5 MUSD, or 5% of the outstanding bond and bank loans. The bond loan will be listed on Nordic ABM. The bond loan is secured by mortgages on the vessel Haven.

In connection with the refinancing in December 2018, Jacktel's 146 MEUR Bond was fully repaid.

The maturity date of the 99.8 MEUR shareholder loan from Master Marine AS is 30 September 2019, and as of 31.12.2018 the loan is classified as short-term liabilities, reference is made to Note 18.

11. Financial Instruments and Risk Management

Risk Management Overview

The Company operates on an international basis with cash flows and financing in different 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 risk, 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 to mitigate any operational risk.

The market remains quiet with few specific contract opportunities. In the longer term increased demand should be expected on the back of the strengthening oil price. Oil companies are currently generating strong cash flows and most fields are financially attractive at oil prices around 60 – 70 USD per barrel. Assuming the oil price remains at current level, the activity is expected to increase. Even though management is positive, there is a significant risk in terms of utilization and rates after the contract with Equinor.

Currency Risk

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 refinancing of the bond loan (December 2018) significantly reduced the Company's exposure against EUR.

The Company may reduce the currency risk generated from operational cash flows by using derivatives. The Company entered into a derivative agreement in 2018 in relation to the refinancing of the EUR bond loan, to hedge against fluctuations in EUR exchange rates. The derivative agreement was settled in early December 2018, and as such the Company has no derivative agreements as of 31.12.2018.

	+/- USD/EUR	**Profit before tax** ***(1.000 USD)***	**Equity** ***(1.000 USD)***
2018	5%	17 520/-17 520	0/-0
2017	5%	16 964/-18 745	0/-0

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 loans and the shareholder loan. The interest rate is fixed for all loan facilities.

Credit Risk

Credit risk is the risk that a counterparty will not be able to 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. The risk is however considered low since the customers are typically major oil companies with high credit ratings and operating in the North Sea.

As of 31.12.2018 there is no objective evidence indicating that the accounts receivable is impaired and no impairment losses have been recognized in the income statement. The Company has no receivables exceeding due date. The vessel is currently in operation and the credit risk is considered low.

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 cash flow and liquidity sufficient to meet its obligations.

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

At 31.12.2018 *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter**	**Total**
Bond loan	3 750	11 250	15 000	15 000	150 000	**195 000**
Bank loan	26 141	76 556	0	0	0	**102 697**
Parent company loan (note 18)	0	184 217	0	0	0	**184 217**
Trade and other payables	6 862	0	0	0	0	**6 862**
Sum	36 753	272 023	15 000	15 000	150 000	**488 776**

At 31.12.2017 *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter**	**Total**
Bond loan	2 555	7 665	179 613	0	0	**189 833**
Parent company loans	0	0	354 299	0	0	**354 299**
Trade and other payables	6 664	0	0	0	0	**6 664**
Sum	9 219	7 665	533 912	0	0	**550 796**

Interest on the parent company loan is accrued and transferred to the principal amount on a quarterly basis and will be paid at the maturity date.

Financial instrument or derivatives risk

The Company may use 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 USD and buy NOK to pay operating expenses. The Company has no swap or forward contracts as of 31.12.2018.

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.

	31.12.2018				31.12.2017			
	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	28 071	28 071	0	0	4 013	4 013
Cash and cash equivalents	0	25 944	0	25 944	0	79 416	0	79 416
Total financial assets	**0**	**25 944**	**28 071**	**54 015**	**0**	**79 416**	**4 013**	**83 429**
Long term liabilities	0	0	0	0	0	0	248 240	248 240
Short term liabilities			282 061	282 061	0	0	0	0
Bond loan	146 880	0	0	146 880	171 948	0	0	171 948
Accounts payable	0	0	3 403	3 403	0	0	2 606	2 606
Prepayments customer	0	0	6 175	6 175	0	0	5 296	5 296
Other current liabilities	0	0	3 459	3 459	0	0	5 982	5 982
Total financial liabilities	**146 880**	**0**	**295 098**	**441 978**	**171 948**	**0**	**262 124**	**434 072**

Jacktel issued a new 150 MUSD bond loan in December 2018 that will be listed on the Nordic ABM exchange and the fair value is based on prices per December 2018. The carrying amount of cash and cash equivalents, other current assets and liabilities and prepayments is a reasonable estimate of their fair value. Fair value of long-term liabilities is based on amortized cost.

Capital management

The primary objective of the capital management is to ensure that the Company maintains a satisfactorily capital structure in line with the risk of the business. The capital is defined as the total of shareholder's equity and long-term debt. The capital structure is monitored on a regular basis based on selected indicators.

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

12. INCOME TAX

(1.000 USD)	**2018**	**2017**
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)	**2018**	**2017**
Pre-tax profit/(loss)	**-16 401**	**-91 905**
Expected income taxes according to income tax rate 23 % (24 % in 2017)	-3 772	-22 057
Currency effect	0	-22
Changes in deferred tax asset not recognized in the balance sheet	3 772	22 079
Income tax expense	**0**	**0**

Deferred tax and deferred tax assets:

(1.000 USD)	**2018**	**2017**
Deferred tax assets		
Long term liabilities at amortized cost	-901	-725
Vessels, plant and equipment	31 987	23 902
Tax losses carried forward	35 158	56 340
Non-deductible interest expenses carried forward*	25 522	19 338
Net unrecognized deferred tax asset	**91 766**	**98 945**

** Interest expenses paid to related parties is deductible for tax purposes only to a certain extend. Non-deductible interest expenses could be carried forward for 10 years. As of 31 December 2018 Jacktel has an unrecognized tax asset of 25.5 MUSD related to non-deductible interest which can be carried forward.*

13. NON-CURRENT ASSETS

Vessels, plant and equipment

Depreciation is based on the economic life of the asset using a straight-line depreciation method. As of the balance sheet date, the Company's main asset was the accommodation vessel Haven.

	2018		2017	
(1.000 USD)	Vessel	Total	Vessel	Total
Accumulated cost 1 January	603 752	603 752	574 815	574 815
Disposals	0	0	0	0
Additions	119 764	119 764	28 937	28 937
Accumulated cost 31 December	**723 516**	**723 516**	**603 752**	**603 752**
Accumulated depreciation 1 January	-305 764	-305 764	-290 539	-290 539
Depreciation	-46 069	-46 069	-15 225	-15 225
Impairment	0	0	0	0
Accumulated depreciation and impairment 31 December	**-351 833**	**-351 833**	**-305 764**	**-305 764**
Currency translation				
Carrying value 31 December	**371 638**	**371 638**	**297 988**	**297 988**

The capitalized amount for 2018 relates to the upgrade for the Johan Sverdrup project.

Impairment

At each reporting date, an assessment in accordance with IAS 36.9 is carried out whether internal or external information indicates a potential fall in the value of non-current assets. Due to the current market outlook and the uncertainty regarding future contracts, management has carried out an impairment assessment for "Haven". The assessment is based on the value in use principle and on assumptions and projections at the time of approving the financial accounts of 2018.

Value of "Haven" accommodation unit

The assessment concluded that no impairment is required. External broker evaluations obtained as of 31 December 2018 support the conclusion.

The book value of "Haven" amounts to 371.6 MUSD as of 31st December 2018.

The impairment test is based on the following assumptions:

- Pre-tax discount rate: 11.88 %
- Day rates after the Johan Sverdrup contract: 220,000 USD
- Utilization after the Johan Sverdrup contract: 88 %

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

- Pre-tax discount rate (percentage points): +1 % No impairment required
- Rates at the end of contract period: -10 % Impairment of 7 MUSD required
- Utilization (percentage points): -5 % No impairment required

14. OTHER CURRENT ASSETS

(1.000 USD)	2018	2017
Trade debtors	25 772	1 656
Pre-paid expenses	15	412
Other current assets	1 595	685
VAT refund	689	1 260
Total other current assets	**28 070**	**4 013**

15. CASH

(1.000 USD)	2018	2017
Cash and bank deposits	24 893	41 868
Restricted cash	1 051	37 548
Cash and cash equivalents in the balance sheet	**25 944**	**79 416**

Restricted cash relates to deposits for interest on Bond Loan.

16. 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.

	2018	2017
Average number of shares outstanding	50 000 000	50 000 000
Effect of dilutive potential ordinary shares:		
Diluted average number of shares outstanding	50 000 000	50 000 000
Loss for the year	**-16 401**	**-91 904**

Earnings per share:	**2018**	**2017**
- Basic	-0,33	-1,84
- Diluted	-0,33	-1,84

17. SHARE CAPITAL AND SHAREHOLDER INFORMATION

Number of shares:

	2018	2017
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 reference is made to Note 16

18. OTHER CURRENT LIABILITIES

(1.000 USD)	**2018**	**2017**
Trade accounts payables	3 403	2 606
Prepayments from customer	6 175	1 702
Short-term interest bearing debt	282 061	0
Other current liabilities	3 459	5 982
Total	**295 098**	**10 290**

Other current liabilities consist mainly of accrued interest and provision for cost incurred, but not paid.

Specification of short-term interest bearing debt:

31.12.2018 *(1.000 USD)* **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value***
99.8 MEUR Term loan facility	Master Marine AS	99 830	119 726	12 %	183 119
100 MUSD Bank Loan (Jacktel AS)	DNB Bank ASA	N/A	100 000	Libor + 2.5 %	98 942
Total short-term interest-bearing debt		**99 830**	**204 340**		**282 061**

**Book value of the 99.8 MEUR term loan facility includes accrued interest. Book value of the 100 MUSD bank loan is netted with transaction costs to be expensed over the lifetime of the loan.*

100 MUSD Bank Loan

In December 2018 Jacktel AS (100% subsidiary of Master Marine) signed a Super Senior Bank loan agreement with DNB Bank ASA. The loan holds an interest rate of Libor + 2.5% and will be repaid over a period of 12 months. The bank loan is secured by mortgages on the vessel Haven.

Pre-payments from customer relates to reimbursable costs paid by Equinor of which the income will be recurred during the contract period.

Parent Company Loan

Jacktel has one shareholder loan provided by Master Marine in the nominal amount of 99.8 MEUR, and a book value of 183.1 MUSD. The loan carry a fixed interest rate of 12 %. The maturity date for the loan is 30 September 2019.

19. Legal disputes

The Company has currently no significant legal disputes

20. Events after the balance sheet date

On 3 March 2019, Master Marine's main shareholder, Nordic Capital, and Paragon Outcomes, the owner of the Crossway Group agreed to merge the two companies through the formation of a new holding company which will own the two existing companies. Following the merger, Master Marine will be owned 100% by the new holding company.

Statsautoriserte revisorer
Ernst & Young AS

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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 financial statements of Jacktel AS, which comprise the statement of financial position as at 31 December 2018, 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 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 2018 and its financial performance and cash flows 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.

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 Chief Executive Officer (management) are 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.

Building a better working world

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, the going concern assumption, and proposal for the allocation of the result, is consistent with the financial statements and complies with the law and regulations.

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, 12 April 2019
ERNST & YOUNG AS

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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