

MASTER MARINE

INTERIM REPORT

Q1 2018



First Quarter 2018

Operations

The upgrade project is progressing according to plan and budget and is expected to be finalized early June, well ahead of the commencement of the Johan Sverdrup contract.

In addition to finalizing the upgrade, the main focus is operational preparedness, which includes recruitment of crew, training etc. Current manning onboard Haven is 18, which is according to plan. The number will gradually increase to 22.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34.

Master Marine Group

Quarterly figures, Q1 2018

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

Due to the upgrade project, the company did not generate any operating income in Q1 2018 (0.0 MUSD). Operating expenses and EBITDA equaled 0.8 MUSD (2.0 MUSD). Depreciation amounted to 3.8 MUSD (3.8 MUSD) and the operating loss for Q1 was 4.6 MUSD (loss of 5.8 MUSD).

Interest expenses for the first quarter equaled 12.4 MUSD (6.1 MUSD), of which 6.7 MUSD relates to interest expenses on the two bond loans and 5.7 MUSD relates to interest expenses on the shareholder loan. Only interest expenses referring to the Jacktel Bond loan are payable.

Other financial expenses amounted to -12.3 MUSD (5.7 MUSD) which is mainly related to unrealized foreign exchange loss on the two loans denominated in EUR.

Net loss for the first quarter equaled 29.1 MUSD (loss of 17.6 MUSD).

Upgrade costs capitalized in Q1 amounted to 7.9 MUSD

Finance

Long-term loans amounted to 461.6 MUSD and consist of two bond loans and shareholder loan (see note 5 for further details).

Other current liabilities of 11.5 MUSD consist of accrued interests and provision for costs incurred, not paid.

Cash flow and liquidity Q1 2018

Cash flow in Q1 2018 was negative by 9.2 MUSD and Master Marine will continue to generate negative cash flow until the commencement of the Johan Sverdrup contract in June 2018. As a result of the contract at Johan Sverdrup, the net debt will be significantly reduced over the next 18 months.

Shareholder's equity for the Group as at 31 March 2018 is negative by 36.3 MUSD. Regarding going concern, reference is made to the section below.

Going concern

The Johan Sverdrup contract is commencing in June 2018. As of today, the Board of Directors expects that the upgrade project will be completed on time and budget. The cost will be more than recovered over the firm 18 months contract period. The cash flow will make the Group able to meet its running obligations including paying

interest on long-term debt. Further, Statoil has options for continued use of Haven after the firm period. The upgrade is fully financed by two Bond Loans and one shareholder loan. The shareholder loan is subordinated other loans. The three loans mature in 2019 and the agreements also give the Group right to refinance before maturity date. A refinancing to reduce the interest costs and change the currency from EUR to USD to reduce the currency risk, is considered on a continuous basis. The commencement of the Johan Sverdrup contract and a successful operation will increase Master Marine's possibilities to obtain improved terms if current external debt is refinanced. Board of Directors expects that the Group will make a net profit before tax the coming years and the shareholders equity will improve accordingly

Based on this, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the financial statements for Q1 2018.

Master Marine AS

Quarterly figures, Q1 2018

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

Both operating income and operating expenses amounted to 0.6 MUSGD (0.6 MUSGD) in Q1 2018 resulting in an EBITDA of 0.0 MUSGD (0.0 MUSGD). Due to depreciation of 0.0 MUSGD (0.0 MUSGD) the operating profit resulted in 0.0 MUSGD (0.0 MUSGD). Operating income is related to management fee payable by Jacktel.

Net financial items are negative with 1.5 MUSGD. Interest income on shareholder loan to Jacktel amounted to 8.4 MUSGD while interest expenses on shareholder loan and bond loan amounted to 5.6 MUSGD and 3.6 MUSGD respectively. Other financial expenses consisting of unrealized exchange loss and amortized borrowing costs amounted to 0.7 MUSGD

Net loss for the first quarter equaled 1.5 MUSGD (loss of 0.1 MUSGD).

After deducting the net loss for the period, shareholders equity amounted to 23.2 MUSGD.

Finance

Total long-term liabilities amounted to 283.3 MUSGD. Reference is made to note 5 for further details. The shareholder loan expires on 30 September 2019, while the bond loan expires on 8 July 2019.

Other current liabilities of 6.1 MUSGD are mainly relating to accrued interest and provision for costs incurred, not paid.

Risk

The company is exposed to general market risk, credit risk, currency risk and revenue risk. Credit risk related to the Statoil contract is considered low. Currency risk is considered acceptable as the cost of the main upgrade project is in the same currency as the charter rate, USD. The main currency risk is related to the current bond loan, as well as shareholder loans which are denominated in EUR, while the value of the main asset is largely measured in USD's.

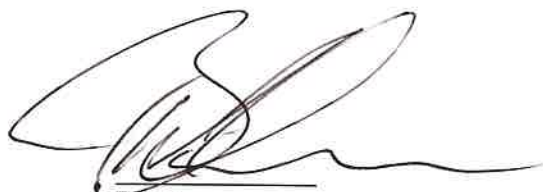
Long term commitment, for Haven is secured from June 2018 for 18 months through the charter contract with Statoil for the Johan Sverdrup project. Future changes in day rates and utilization of the unit may impact the valuation of the asset.

Future Prospects

There are no significant changes in the market situation in Q1 2018. The market continues to remain soft with few substantial demands for additional bed capacity identified in the short to medium term. There are however some early signs of recovery and the oil price is still strengthening. The Board of Directors is therefore positive in respect of the demand for the Group's services in the longer term.

Haven has secured utilization until the end of 2019 and Statoil has options for continued use of the rig after the firm 18 months period. The rig will therefore not be available for other opportunities until 2020 at the earliest.

Oslo, 26th April 2018



Bjørn Henriksen
Chairman of the Board



Robert Furuheim
Director



Thomas Mejdell
Director



Henrik Bakken
Director



Stein Diesen
Director



Helge Ystheim
Managing Director

Condensed Income Statement

Master Marine Group

| In USD 1,000' | Note | Un-audited Q1-2018 | Un-audited Q1-2017 | Audited 2017 |
|---------------------------------|------|-----------------------|-----------------------|----------------|
| Operating expenses | | -746 | -1 991 | -8 728 |
| EBITDA | | -746 | -1 991 | -8 728 |
| Depreciation | 6 | -3 807 | -3 785 | -15 227 |
| OPERATING LOSS- EBIT | | -4 553 | -5 776 | -23 955 |
| Interest income | | 125 | 3 | 492 |
| Interest expenses | | -12 366 | -6 111 | -37 424 |
| Other financial expenses | | -12 312 | -5 739 | -38 328 |
| NET FINANCIAL ITEMS | | -24 553 | -11 847 | -75 260 |
| PROFIT/(LOSS) BEFORE TAX | | -29 105 | -17 623 | -99 216 |
| NET PROFIT (LOSS) | | -29 105 | -17 623 | -99 216 |

Statement of Comprehensive Income

| In USD 000' | Un-audited Q1-2018 | Un-audited Q1-2017 | Audited 2017 |
|-----------------------------|-----------------------|-----------------------|----------------|
| Net profit this period | -29 105 | -17 623 | -99 216 |
| Other comprehensive | - | - | - |
| COMPREHENSIVE INCOME | -29 105 | -17 623 | -99 216 |

**Condensed Statement of Financial Position
Master Marine Group**

| In USD 000' | Note | Un-audited 31.03.2018 | Un-audited 31.03.2017 | Audited 31.12.2017 |
|-------------------------------------|------|--------------------------|--------------------------|-----------------------|
| ASSETS | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | 6 | 302 079 | 283 098 | 297 994 |
| Intangible assets | | 4 | 6 | 5 |
| Prepaid construction cost | | 52 731 | 17 134 | 52 731 |
| Total non-current assets | | 354 815 | 300 238 | 350 730 |
| Current assets: | | | | |
| Accounts receivable | | 650 | 76 | 580 |
| Other current assets | | 428 | 1 791 | 2 406 |
| Cash and cash equivalents | | 88 071 | 30 231 | 97 297 |
| Total current assets | | 89 149 | 32 099 | 100 283 |
| TOTAL ASSETS | | 443 964 | 332 337 | 451 013 |
| EQUITY AND LIABILITIES | | | | |
| Equity: | | | | |
| Issued capital | | 123 246 | 123 246 | 123 246 |
| Share premium | | | | |
| Retained losses | | -159 566 | -48 867 | -130 461 |
| Total equity | | -36 320 | 74 379 | -7 215 |
| Non-current liabilities: | | | | |
| Shareholder loans | 5 | 193 336 | 148 763 | 181 530 |
| Other interest-bearing debt | 5 | 268 233 | 101 033 | 258 164 |
| Prepayments customers | | 4 490 | 1 102 | 3 595 |
| Total long-term liabilities | | 466 059 | 250 898 | 443 289 |
| Current liabilities: | | | | |
| Accounts payable | | 2 754 | 1 402 | 2 444 |
| Other current liabilities | | 11 472 | 5 659 | 12 495 |
| Total current liabilities | | 14 225 | 7 060 | 14 939 |
| Total liabilities | | 480 284 | 257 959 | 458 228 |
| TOTAL EQUITY AND LIABILITIES | | 443 964 | 332 338 | 451 014 |

Condensed Statement of Changes in Equity

Master Marine Group

| <i>(In USD 1,000)</i> | Share Capital | Share premium | Retained losses | Retained earnings pref. shares | OCI reserve*) | Total equity |
|---------------------------------------|------------------|------------------|-----------------|--------------------------------------|---------------|----------------|
| Equity as at December 31, 2016 | 123 246 | 0 | -93 134 | 61 889 | 0 | 92 001 |
| Net profit (loss) | 0 | 0 | -17 623 | 0 | 0 | -17 623 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -9 473 | 9 473 | 0 | 0 |
| Currency translation differences | 0 | 0 | 887 | -887 | 0 | 0 |
| Equity as at March 31, 2017 | 123 246 | 0 | -119 343 | 70 475 | | 74 378 |
| Net profit (loss) | 0 | 0 | -81 593 | 0 | 0 | -81 593 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -31 069 | 31 069 | 0 | 0 |
| Currency translation differences | 0 | 0 | -10 850 | 10 850 | 0 | 0 |
| Equity as at December 31, 2017 | 123 246 | 0 | -362 198 | 182 869 | 0 | -7 215 |
| Net profit (loss) | 0 | 0 | -29 105 | 0 | 0 | -29 105 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -10 912 | 10 912 | 0 | 0 |
| Currency translation differences | 0 | 0 | -4 305 | 4 305 | 0 | 0 |
| Equity as at March 31, 2018 | 123 246 | 0 | -406 520 | 198 086 | 0 | -36 320 |

Condensed Cash Flow Statement Master Marine Group

| In USD 1,000' | Un-audited Q1- 2018 | Un-audited Q1- 2017 | Audited 2017 |
|---|------------------------|------------------------|-----------------|
| Net profit/(loss) | -29 105 | -17 623 | -99 216 |
| Depreciation and Impairment | 3 807 | 3 785 | 15 227 |
| Financial income | -125 | -3 | -492 |
| Financial expenses | 24 678 | 11 851 | 81 338 |
| Changes in working capital | 1 359 | 61 | 3 860 |
| Net cash from operating activities | 613 | -1 929 | 717 |
| Cash flow from investing activities | | | |
| Interest received | 125 | 3 | 492 |
| Prepayment construction costs | - | - | -35 597 |
| Rig upgrade | -7 891 | -2 599 | -28 938 |
| Net cash from investing activities | -7 766 | -2 596 | -64 043 |
| Cash flow from financing activities | | | |
| Interest paid | -12 366 | -6 111 | -37 424 |
| Proceeds from debt | 9 398 | 5 224 | 158 208 |
| Prepayment from customer | 895 | 470 | 4 666 |
| Net cash from financing activities | -2 073 | -417 | 125 450 |
| Net change in cash and cash equivalents | -9 226 | -4 942 | 62 124 |
| Cash and cash equivalents, opening balance | 97 297 | 35 173 | 35 173 |
| Cash and cash equivalents, closing balance | 88 071 | 30 231 | 97 297 |

Notes to the interim report

1. General information

Master Marine AS is located at Rosenkrantzgate 18 in Oslo, Norway. The company, which was established in 1997 is a 100% owner of Jacktel. Jacktel was established in 2009, specializes in offshore accommodation and is the owner of the Haven jack up accommodation unit.

2. Basis of presentation

The financial statements for Q1 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going concern basis and should be read in conjunction with the Company's financial statements as at 31 December 2017.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance measures (APM's) that came into force 3 July 2016. Master Marine has defined and explained the purpose of the following APM's:

- *EBITDA* means earnings before financial items and tax, excluding impairment losses, depreciation and amortization
- *EBIT* means earnings before financial items and tax
- *CASH OR LIQUIDITY RESERVE*. When used means cash and bank deposits and provide information about the cash balance at the balance sheet date and the Company's ability to meet its current liabilities.

3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the company's annual financial statements and accompanying notes for the financial year ended 31st December 2017. No new standards with impact on the financial statement have been implemented with effect for 2018. IFRS 15 will be adopted from January 1, 2018, but has no impact for the Q1 report as the Group did not have any operating revenue this quarter.

4. Related party transactions

Master Marine AS has a management agreement with its subsidiary, Jacktel AS. Management fee for Q1 2018 amounted to 0.6 MUSD.

5. Debt overview

Master Marine Group

31.03.2018

| <i>(1.000 USD)</i> | | Nominal amount | Nominal amount | Interest rate | Book value (incl accrued interests) USD |
|--|-------------------|----------------|----------------|---------------|---|
| Description | Lender/Trustee | EURO | amount USD | | |
| 140 MEUR Shareholder loan | Nordic Capital | 87 000 | 107 863 | 12 % | 193 336 |
| 146 MEUR Bond loan | Nordic Trustee AS | 146 000 | 181 011 | 7 % | 178 291 |
| 81 MUSD Bond loan | Nordic Trustee AS | N/A | 81 000 | 16 % | 89 942 |
| Total interest bearing debt - USD | | | | | 461 569 |

Master Marine AS

31.03.2018

| <i>(1.000 USD)</i> | | Nominal amount | Nominal amount | Interest rate | Book value (incl accrued interests) USD |
|--|-------------------|----------------|----------------|---------------|---|
| Description | Lender/Trustee | EURO | amount USD | | |
| 140 MEUR Shareholder loan | Nordic Capital | 87 000 | 107 863 | 12 % | 193 336 |
| 81 MUSD Bond loan | Nordic Trustee AS | NA | 81 000 | 16 % | 89 942 |
| Total interest bearing debt - USD | | | | | 283 278 |

Book value of the Bond loans are netted with costs to be amortized over the loan period.

6. Non-current assets

| <i>(1.000 USD)</i> | Un-audited 31.03.18 | Audited 31.12.17 |
|------------------------|--------------------------------|-----------------------------|
| Opening balance | 297 994 | 284 284 |
| Additions | 7 891 | 28 937 |
| Disposals | 0 | 0 |
| Depreciation | -3 806 | -15 227 |
| Impairment | 0 | 0 |
| 31.12.2017 | 302 079 | 297 994 |

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

In addition to the amount above, Jacktel has pre-paid 52.7 MUSD as construction costs to the sub-contractor Lamprell.

7. Shares in subsidiaries

Shares in subsidiaries are written down to estimated fair market value. The market value is calculated based on the net present value of estimated future cash flows in the subsidiary.

8. Long term receivables Master Marine AS

31.03.2018

| <i>(1.000 USD)</i> | | Nominal amount EURO | Nominal amount USD | Interest rate | Book value (incl accrued interests) USD |
|--|-----------------------|------------------------------------|-------------------------------|--------------------------|--|
| Description | Lender/Trustee | | | | |
| 99.8 MEUR Term loan facility | Master Marine AS | 99 830 | 123 769 | 12 % | 192 531 |
| 65.6 MUSD Term loan facility | Master Marine AS | NA | 65 600 | 16 % | 70 993 |
| Total long-term receivables - USD | | | | | 263 524 |

Long term receivables relate to loan to Jacktel.

9. Cash flow statements

Interest expenses on the shareholder loan and the bond loan in Master Marine AS are added to the principal loan amount and considered as paid by increased borrowings.

**Condensed Income Statement
Master Marine AS**

| In USD 1,000' | Note | Un-audited Q1-2018 | Un-audited Q1-2017 | Audited 2017 |
|---------------------------------|-------------|-------------------------------|-------------------------------|---------------------|
| Operating income | | 576 | 637 | 2 538 |
| Operating expenses | | -586 | -623 | -2 727 |
| EBITDA | | -11 | 14 | -189 |
| Depreciation | | -0 | -1 | -2 |
| OPERATING PROFIT- EBIT | | -11 | 13 | -191 |
| Interest income | | 8 374 | 4 306 | 21 118 |
| Interest expenses | | -9 213 | -4 342 | -27 432 |
| Other financial expenses | 9 | -658 | -39 | -60 787 |
| NET FINANCIAL ITEMS | | -1 498 | -75 | -67 101 |
| PROFIT/(LOSS) BEFORE TAX | | -1 509 | -62 | -67 292 |
| NET PROFIT (LOSS) | | -1 509 | -62 | -67 292 |

Statement of Comprehensive Income

| In USD 000' | Un-audited Q1-2018 | Un-audited Q1-2017 | Audited 2017 |
|-----------------------------|-------------------------------|-------------------------------|---------------------|
| Net profit this period | -1 509 | -62 | -67 292 |
| Other comprehensive income | - | - | - |
| COMPREHENSIVE INCOME | -1 509 | -62 | -67 292 |

Condensed Statement of Financial Position Master Marine AS

| In USD 000' | Note | Un-audited 31.03.2018 | Un-audited 31.03.2017 | Audited 31.12.2017 |
|-------------------------------------|------|--------------------------|--------------------------|-----------------------|
| ASSETS | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | | 10 | 12 | 11 |
| Shares in subsidiaries | 7 | 32 000 | 91 981 | 32 000 |
| Long term receivables | 8 | 263 524 | 148 372 | 248 240 |
| Total non-current assets | | 295 534 | 240 365 | 280 250 |
| Current assets: | | | | |
| Accounts receivable | | 231 | 446 | 258 |
| Other current assets | | 1 063 | 825 | 871 |
| Cash and cash equivalents | | 15 766 | 2 905 | 17 882 |
| Total current assets | | 17 059 | 4 176 | 19 011 |
| TOTAL ASSETS | | 312 594 | 244 540 | 299 261 |
| EQUITY AND LIABILITIES | | | | |
| Equity: | | | | |
| Issued capital | | 123 246 | 123 246 | 123 247 |
| Share premium | | - | -31 245 | - |
| Retained losses | | -100 046 | -62 | -98 537 |
| Total equity | | 23 200 | 91 939 | 24 710 |
| Non-current liabilities: | | | | |
| Shareholder loans | 5 | 193 336 | 148 763 | 181 530 |
| Other interest-bearing debt | 5 | 89 942 | | 86 217 |
| Total long-term liabilities | | 283 278 | 148 763 | 267 748 |
| Current liabilities: | | | | |
| Accounts payable | | 254 | 168 | 96 |
| Other interest-bearing debt | | 0 | | |
| Other current liabilities | | 5 862 | 3 671 | 6 708 |
| Total current liabilities | | 6 116 | 3 839 | 6 804 |
| Total liabilities | | 289 394 | 152 601 | 274 552 |
| TOTAL EQUITY AND LIABILITIES | | 312 594 | 244 540 | 299 261 |

Condensed Statement of Changes in Equity Master Marine AS

| <i>(In USD 1,000)</i> | Share Capital | Share premium | Retained losses | Retained earnings pref. shares | OCI reserve*) | Total equity |
|---------------------------------------|----------------|---------------|-----------------|-----------------------------------|---------------|---------------|
| Equity as at December 31, 2016 | 123 246 | 0 | -93 134 | 61 889 | 0 | 92 001 |
| Net profit (loss) | 0 | 0 | -62 | 0 | 0 | -62 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -9 473 | 9 473 | 0 | 0 |
| Currency translation differences | 0 | 0 | 887 | -887 | 0 | 0 |
| Equity as at March 31, 2017 | 123 246 | 0 | -101 782 | 70 475 | 0 | 91 939 |
| Net profit (loss) | 0 | 0 | -67 230 | 0 | 0 | -67 230 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -31 069 | 31 069 | 0 | 0 |
| Currency translation differences | 0 | 0 | -10 850 | 10 850 | 0 | 0 |
| Equity as at December 31, 2017 | 123 246 | 0 | -210 930 | 112 393 | 0 | 24 710 |
| Net profit (loss) | 0 | 0 | -1 509 | 0 | 0 | -1 509 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend preference shares | 0 | 0 | -10 912 | 10 912 | 0 | 0 |
| Currency translation differences | 0 | 0 | -4 305 | 4 305 | 0 | 0 |
| Equity as at March 31, 2018 | 123 246 | 0 | -227 656 | 127 610 | 0 | 23 200 |

Condensed Cash Flow Statement Master Marine AS

| | Un-audited Q1- 2018 | Un-audited Q1- 2017 | Audited 2017 |
|---|------------------------|------------------------|-----------------|
| In USD 1,000' | | | |
| Net profit (loss) before taxes | -1 509 | -62 | -67 292 |
| Depreciation | 0 | 1 | 2 |
| Financial income | -8 374 | -4 306 | -21 118 |
| Financial expenses | 9 872 | 4 381 | 88 410 |
| Changes in working capital | -1 207 | -152 | 2 956 |
| Net cash from operating activities | -1 217 | -138 | 2 958 |
| Cash flow from investing activities | | | |
| Interest received | 8 374 | 4 306 | 21 118 |
| Increased long term receivables | -9 458 | -8 132 | -86 385 |
| Net cash from investing activities | -1 084 | -3 826 | -65 267 |
| Cash flow from financing activities | | | |
| Interest paid | -9 213 | -4 342 | -27 432 |
| Net proceeds from borrowings | 9 398 | 8 187 | 104 598 |
| Net cash from financing activities | 185 | 3 845 | 77 166 |
| Net change in cash and cash equivalents | -2 116 | -120 | 14 857 |
| Cash and cash equivalents, opening balance | 17 882 | 3 025 | 3 025 |
| Cash and cash equivalents, closing balance | 15 766 | 2 905 | 17 882 |