DBB Jack-Up Services A/S

Interim report for the fourth quarter of 2015 and preliminary results for 2015

J/U WIND SERVER

J/U WIND PIONEER

J/U WIND

About the DBB Jack-Up Group

The DBB Jack-Up Group is the market-leading provider of offshore wind operations & maintenance services. DBB Jack-Up Group has carried out more than 400 service interventions at more than 20 wind farms.

DBB Jack-Up Group provides specialised jack-up vessels and services including major component replacement, installation support and turnkey decommissioning of met masts, wind turbines and foundations.

The DBB Jack-Up Group owns and operates three jack-up vessels:

- J/U WIND SERVER is the first jack-up vessel purpose-built to provide offshore wind operations & maintenance services
- J/U WIND PIONEER is a custom-converted jack-up vessel adapted to the offshore wind industry
- J/U WIND has the longest proven track record in the industry in terms of major component replacements

Further information is available at www.dbbjackup.dk

Highlights of the report

Highlights of Q4 2015

- Weather conditions were abnormally adverse in the fourth quarter of 2015, resulting in a weighted average utilisation rate for the company's three vessels of 1% during the quarter. An utilisation rate of 40-50% is projected for the first quarter of 2016.
- The outlook for 2016 is unchanged from the guidance provided at the release of the Q3 2015 interim report. The company projects a weighted average utilisation rate of 65-70% for all three vessels, which is expected to produce FY 2016 EBITDA of EUR 18-21m.
- DBB Jack-Up achieved a revised capital structure in November 2015, when the company issued a EUR 100 million bond. This will significantly reduce interest expenses, and extend the maturity profile of the company's debt.

Information in this report

The information in this interim report is submitted in accordance with the Bond Agreement on FRN DBB Jack-Up Services A/S Senior Secured Callable Bond Issue 2015/2019 (ISIN NO 0010751332) dated 25 November 2015 between DBB Jack-Up Services A/S and, representing the bondholders, Nordic Trustee ASA.

According to the Bond Agreement, the consolidated financial statements of DBB Jack-Up Group are prepared in Euro in accordance with IFRS, and includes full consolidation (100%) of Jack-Up InvestCo. 3 Plc., the owner of the vessel J/U WIND SERVER.

This is a relatively comprehensive interim report. It represents the DBB Jack-Up Group's first reporting under IFRS. First time adoption of IFRS is specified in note 7 in the financial statements. Consequently, this note will not form part of subsequent interim reporting. In addition, notes 4 (commitments and contingencies), 5 (related party transactions) and 8 (basis of reporting) appear in full in this interim report, whereas future interim reports will only contain possible changes to these notes. As a result, future interim report will be less comprehensive.

This report has not been reviewed by the company's auditors.

Management Review

Market development

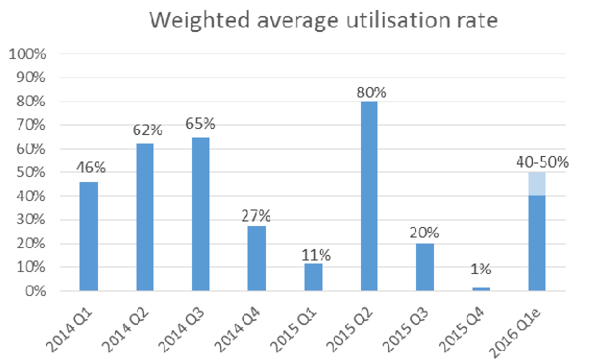
The fourth quarter is traditionally a challenging period for the offshore wind operations & maintenance industry, due to the potentially limited number of days with weather conditions permitting safe operations at sea.

The fourth quarter of 2015 was particularly challenging, as the UK and the North Sea were hit by several winter storms. The UK had six storms (from Abigail to Frank) during November and December 2015, making it virtually impossible to have windows of weather calm enough to perform major component replacement in accordance with the company's safety standards.

The short-term visibility of O&M tasks was relatively low during most of 2015. By early 2016, visibility has improved, but it remains limited beyond three months, which is common for the industry.

Utilisation rates

The adverse weather conditions kept the weighted average utilisation rate for Q4 2015 as low as 1%. This is below the expectations of 10-20% utilisation expressed in the Q3 2015 interim report.



Note: the weighted average utilisation rate indicates the number of days the vessels are chartered divided by the number of days in the quarter. Each vessel has a different weighting depending on its specifications.
The utilisation rates for 2014 are based solely on J/U WIND, the only operational vessel during the period. J/U WIND SERVER and J/U WIND PIONEER were included from the beginning of Q1 2015 and Q4 2015, respectively.

However, the company has not lost any contracts due to its inability to operate in the harsh weather, as the contracts have merely been postponed until 2016. Consequently, we expect the utilisation rate to increase to 40-50% in the first quarter of 2016. This projection is supported by the performance of the early weeks of 2016, and by the fact that the three-year charter with Siemens Wind Power is scheduled to begin in mid-March 2016.

Outlook for 2016

The outlook for 2016 is unchanged from the guidance provided at the release of the Q3 2015 interim report. The company expects EBITDA in the range of EUR 18-21m (≈DKK 135-155m).

The expectations are based on a weighted average utilisation rate of 65-70% for all three vessels for the full year 2016. Management expects a significant improvement in the utilisation rate from the second quarter of 2016, as J/U WIND SERVER is due to start up a three-year charter with Siemens Wind Power. In addition, management expects an improved market during 2016.

Three-year time charter with Siemens Wind Power

The three-year charter with Siemens Wind Power for J/U WIND SERVER is scheduled to commence in mid-March 2016. Some 70-75% of the projected EBITDA for 2016[1] is expected to be derived from the charter with Siemens Wind Power assuming limited off-hire days.

Framework agreement with MHI Vestas Offshore Wind

In September 2015, DBB Jack-Up Services A/S and MHI Vestas Offshore Wind A/S extended their framework agreement for offshore wind O&M services by two years to run until the end of 2017. Some 20-25% of the projected EBITDA for 2016[1] is expected to be derived from the contract with MHI Vestas Offshore Wind.

[1] EBITDA for the Siemens Contract and the agreement with MHI Vestas do not include SG&A.

Vessel status

J/U WIND SERVER was fully operational in Q4 2015. However, the vessel was located in the Irish Sea where weather conditions were not favourable for operations & maintenance services. The operational performance continues to be excellent and the vessel is well prepared to start the three-year charter with Siemens Wind Power in mid-March 2016.

J/U WIND PIONEER became fully operational in Q4 2015 and carried out its first major component replacement. For most of the quarter, however, the vessel awaited weather conditions that would allow it to be moved to locations in the North Sea area. In early 2016, the vessel is working well in the North Sea area.

J/U WIND was fully operational in Q4 2015 and was located in the Irish Sea for most of the quarter. In early 2016, the vessel is undergoing a planned overhaul of the jacking system including legs and spudcans, as part of its 5-year classification renewal.

CAPEX for the three vessels is estimated to be less than EUR 3m during 2016.

Revised capital structure

On 26 November 2015, the company issued a EUR 100 million bond to more than 50 international investors. The bond bears a floating rate coupon of 3M EURIBOR + 8.5%. The bond will be listed on the Oslo Stock Exchange within one year from the issue date.

The proceeds from the bond issue were used to refinance existing debt, as illustrated in the table below.

Use of proceeds (EUR ´000)	
Repayment of existing bond	43 502
Repayment of bank loans	28 912
Repayment of subordinated loans	14 660
On-account payments of option in Jack-Up InvestCo 3 Plc.	6 057
General corporate purposes and transaction costs	6 869
Total	**100 000**

During the past 12 months, the company has taken delivery of two new vessels and signed contracts with the world’s two largest offshore wind turbine manufacturers. As a result, the company has reduced the risks it faces by a considerable margin in the past twelve months. Accordingly, the refinancing will reduce interest expenses significantly in 2016.

In addition, the revised capital structure has become less complex, principally consisting of subordinated debt and the bond issue. Both the bond issue and the subordinated debt matures at the end of 2019, implying a substantially extended maturity profile of the company’s debt.

Risks and uncertainties

The DBB Jack-Up Group is exposed to various risks that can be of significance to the company’s future operations, results and financial position. For more information on significant risks and uncertainties, see pages 62-68 of the company’s information memorandum for FRN DBB Jack-Up Services A/S Senior Secured Callable Bond Issue 2015/2019 (ISIN NO0010751332) dated 26 November 2016.

Financial Review

REVIEW OF THE INCOME STATEMENT FOR Q4 2015 AND PRELIMINARY RESULTS FOR 2015

	2015 Q4 EUR´000	2014 Q4 EUR´000	Change EUR´000	2015 Q1 - Q4 EUR´000	2014 Q1 - Q4 EUR´000	Change EUR´000
Revenue	**308**	**4 915**	**-4 607**	**9 138**	**10 433**	**-1 295**
OPEX and project related costs	-1 693	-922	-771	-6 464	-3 630	-2 835
SG&A	-1 270	-314	-956	-3 639	-2 168	-1 471
EBITDA	**-2 655**	**3 678**	**-6 334**	**-966**	**4 635**	**-5 601**
Depreciation	-1 885	-564	-1 321	-5 967	-1 912	-4 054
EBIT	**-4 541**	**3 114**	**-7 655**	**-6 932**	**2 723**	**-9 655**
Financials, net	-8 162	-245	-7 917	-14 221	-793	-13 428
Income before tax	**-12 702**	**2 869**	**-15 572**	**-21 154**	**1 930**	**-23 083**

Review of Q4 2015

The fully consolidated results for the DBB Jack-Up Group shows net revenue for Q4 2015 of EUR 0.3m, which is significantly less than the revenue recognised for Q4 2014. The low revenue amount was due to the abnormally adverse weather conditions. In addition, revenue in Q4 2014 was favourably affected by a EUR 3.7m loss-of-revenue compensation related to the late delivery of J/U WIND SERVER.

Vessel OPEX cost increased to EUR 1.7m from EUR 0.9m. The main reason for the EUR 0.8m increase was J/U WIND SERVER and J/U WIND PIONEER becoming operational. Only J/U WIND was in operation in Q4 2014.

SG&A expenses amounted to EUR 1.3m, a EUR 1.0m increase from EUR 0.3m. The increase reflects one-off costs of EUR 0.4m related to the company’s revised capital structure.

EBITDA was a EUR 2.7m loss compared to a EUR 3.7m profit in Q4 2015. The main reasons for the lower EBITDA were the loss-of-revenue compensation received in Q4 2014 and the higher OPEX and SG&A expenses in Q4 2015.

Depreciation charges increased to EUR 1.9m in Q4 2015 from EUR 0.6m in Q4 2014. The increase was a result of the full depreciation charges in the quarter for J/U WIND SERVER and J/U WIND PIONEER.

EBIT was a EUR 4.5m loss compared to a EUR 3.1m profit in Q4 2015. The main reasons for the lower EBIT were the compensation received in Q4 2014 and the higher OPEX, SG&A and depreciation charges.

Financials, net increased to EUR 8.2m in Q4 2015 from EUR 0.2m in Q4 2014. The main reason for the increase was one-off costs of EUR 4.4m in Q4 2015 related to the revised capital structure. Furthermore, vessel financing costs were capitalised in 2014.

Income before tax was a EUR 12.7m loss in Q4 2015 compared to a EUR 2.9m profit in Q4 2014.

Preliminary results 2015

Full-year revenue for 2015 amounted to EUR 9.1m, compared to EUR 10.4m in 2014. In 2014, the company had only one vessel, the J/U WIND. J/U WIND SERVER became operational in the first quarter of 2015, while J/U WIND PIONEER became operational late in the third quarter of 2015. The low revenue in 2015 is a consequence of competition from installation vessels, and to a lesser degree the abnormally adverse weather conditions in the fourth quarter. There was an excess supply of installation vessels in the market in 2015, as new installation projects originally intended for 2014/15 were postponed for about two years. This led to customers using already chartered installation vessels for operation & maintenance services. Furthermore, the 2014 revenue included EUR 3.7m received as loss–of-revenue compensation in connection with the late delivery of J/U WIND SERVER.

Vessel OPEX costs increased to EUR 6.5m from EUR 3.6m. The main reason for the EUR 2.8m increase was J/U WIND SERVER and J/U WIND PIONEER becoming operational in 2015, whereas J/U WIND was the only vessel in operation in 2014.

SG&A expenses amounted to EUR 3.6m, a EUR 1.4m increase from EUR 2.2m. The increase reflects one-off costs of EUR 0.4m related to the revised capital structure, and the expansion of the organisation to support the operations of a fleet consisting of three vessels. The current organisation is considered to be appropriate for supporting the operations of three vessels and running the business efficiently.

EBITDA was a EUR 1.0m loss compared to a EUR 4.6m profit in 2014. The main reasons for the lower EBITDA were the loss-of-revenue compensation received in Q4 2014 and the higher OPEX and SG&A expenses.

Depreciation charges rose to EUR 6.0m in 2015 from EUR 1.9m in 2014. The increase was the result of full depreciation of J/U WIND SERVER and J/U WIND PIONEER from the end of 2014 and the end of Q3 2015, respectively.

EBIT was a EUR 6.9m loss compared to a EUR 2.7m profit in 2015. The main reasons for the lower EBIT were the loss-of-revenue compensation received in Q4 2014 and the higher OPEX, SG&A expenses and depreciation charges recognised in 2015.

Financials, net increased to EUR 14.2m in 2015 from EUR 0.8m in 2014. The increase was primarily due to one-off costs relating to the revised capital structure of EUR 4.4m in Q4 2015, and reduced capitalisation of vessel financing costs amounting to EUR 5.8m in 2014. Capitalisation of vessel financing was discontinued for J/U WIND SERVER and J/U WIND PIONEER effective from the end of 2014 and the end of Q2 2015, respectively.

The company recorded a loss before tax of EUR 21.2m in 2015 compared to a EUR 1.9m profit in 2014.

REVIEW OF BALANCE SHEET AT THE END OF Q4 2015

	31 Dec 2015 EUR´000	31 Dec 2014 EUR´000	Change EUR´000
Assets			-
Vessel, including fixtures & equipment	166 352	164 966	1 385
Other non-current assents	6 756	-	6 756
Non-current assets	**173 108**	**164 966**	**8 142**
Trade and other receivables	634	1 726	-1 092
Cash and cash equivalents	2 122	4 594	-2 473
Current assets	**2 756**	**6 320**	**-3 564**
Total assets	**175 864**	**171 286**	**4 578**
Equity and Liabilities			
Equity	**42 580**	**55 813**	**-13 234**
Subordinated loans	29 312	32 416	-3 104
Bond loans	97 799	39 082	58 717
Bank loans and lease liabilities	2 010	33 522	-31 512
Other liabilities	4 163	10 453	-6 290
Total liabilities	**133 284**	**115 473**	**17 811**
Total equity and liabilites	**175 864**	**171 286**	**4 578**
Key ratios			
Subordinated capital ratio	40.9%	51.5%	-10.6%
NIBD (including capitalised financing costs)	99 889	68 928	30 961
Loan to Vessel ratio (NIBD/Vessel book value)	60.0%	41.8%	18.3%

The total value of the vessels amounted to EUR 166.4m at the end of 2015, compared to EUR 165.0m, an increase of EUR 1.4m. The change was due to the final capital expenditure for the deployment of J/U WIND PIONEER.

Total equity declined to EUR 42.6m at 31 December 2015, compared to EUR 55.8m at 31 December 2014. This EUR 13.2m decline mainly breaks down into the 2015 loss of EUR 16.5m, and the EUR 3.3m capital increase completed at the beginning of 2015.

The subordinated capital ratio (defined as total equity plus subordinated capital divided by total assets) at end-2015 was 40.9%. The subordinated capital ratio has a safe margin relative to the company's only financial covenant, which requires a subordinated capital ratio of 32.0% or higher, at the end of December 2015.

Senior Net Interest-Bearing Debt (NIBD) amounted to EUR 99.9m at 31 December 2015. Hence, the senior Loan to Vessel value stood at 60.0% at year-end.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q4 2015 AND PRELIMINARY RESULTS FOR 2015

	2015 Q4 EUR´000	2014 Q4 EUR´000	Change EUR´000	2015 Q1 - Q4 EUR´000	2014 Q1 - Q4 EUR´000	Change EUR´000
EBITDA	**-2 655**	**3 678**	**-6 334**	**-966**	**4 635**	**-5 601**
Working capital adjustments	890	2 293	-1 403	-46	-5 589	5 543
Financial payments, net	-9 127	-1 039	-8 087	-13 986	-4 560	-9 426
Other adjustments	-84	21	-105	-94	87	-181
Net cash flows from operating activities	**-10 976**	**4 953**	**-15 929**	**-15 092**	**-5 427**	**-9 665**
Investing activities	-7 030	-20 057	13 027	-11 061	-29 535	18 474
Net cash flows after investing activities	**-18 006**	**-15 104**	**-2 902**	**-26 153**	**-34 962**	**8 810**
Financing activities	21 677	-2 251	23 928	25 050	33 415	-8 366
Net cash flows after financing activities	**3 672**	**-17 354**	**21 026**	**-1 103**	**-1 547**	**444**

Available liquidity		
Cash and cash equivalents	**2 122**	**4 594**
Cash on Retention Account	708	2 200
Liquidity	**1 414**	**2 394**
Available draw on working capital facility	8 094	724
Available liquidity	**9 507**	**3 118**

Cash flows from operating activities was an outflow of EUR 15.1m in 2015 due to the EBITDA loss and financial payments.

Investing activities amounting to EUR 11.1m, of which EUR 6.1m was related to on-account payments to the co-investor in Jack-Up InvestCo. 3 Plc., the company owning J/U WIND SERVER. DBB Jack-Up Services A/S has an option to purchase the co-investor's 50% ownership interest in Jack-Up InvestCo. 3 Plc, the on-account payment represents part payment of this option.

Liquidity, net of cash on retention account, amounted to EUR 1.4m at 31 December 2015. Liquidity in excess of EUR 5.0m will be subject to cash sweep for additional amortisation of the bond loan. The cash sweep is performed semi-annually, the first sweep to be made at 31 December 2016. Available liquidity including available draw on working capital facility amounted to EUR 9.5m.

Financial Statements for the DBB Jack-Up Group

INCOME STATEMENT

1 January - 31 December

	Note	2015 Q4 EUR´000	2014 Q4 EUR´000	2015 Q1 - Q4 EUR´000	2014 Q1 - Q4 EUR´000
Revenue	2	**308**	**4 915**	**9 138**	**10 433**
Project-related expenses		-36	-17	-272	-383
Operation of vessels		-1 657	-906	-6 193	-3 247
Gross profit (net earnings from vessel activities)		**-1 385**	**3 993**	**2 674**	**6 804**
Administrative expenses		-742	-163	-1 778	-615
Staff costs, office staff		-528	-152	-1 862	-1 554
Earnings before interest, tax, depreciation etc. (EBITDA)		**-2 655**	**3 678**	**-966**	**4 635**
Depreciation		-1 885	-564	-5 967	-1 912
Earnings before interest and tax (EBIT)		**-4 541**	**3 114**	**-6 932**	**2 723**
Financial income		61	267	108	772
Financial expenses		-8 222	-512	-14 329	-1 565
Income before tax		**-12 702**	**2 869**	**-21 154**	**1 930**
Tax on profit (loss)		2 748	-1 656	4 630	-1 356
Income for the year		**-9 955**	**1 213**	**-16 524**	**574**
Attributable to:					
Owners of DBB Jack-Up Services A/S		-8 103	-439	-14 859	-439
Non-controlling interests		-1 851	1 012	-1 665	1 012
Income for the year		**-9 955**	**1 213**	**-16 524**	**574**

STATEMENT OF COMPREHENSIVE INCOME

1 January - 31 December

	Note	2015 Q4 EUR´000	2014 Q4 EUR´000	2015 Q1 - Q4 EUR´000	2014 Q1 - Q4 EUR´000
Income for the year		**-9 955**	**1 213**	**-16 524**	**574**
Items that will be reclassified subsequently to the income statement when specific conditions are met:					
Exchange adjustments of foreign entities, net of tax		-40	44	-40	44
Total comprehensive income for the year, after tax		**-9 995**	**1 257**	**-16 564**	**618**
Attributable to:					
Owners of DBB Jack-Up Services A/S		-8 143	245	-14 899	-395
Non-controlling interests		-1 851	1 012	-1 665	1 012
Total comprehensive income for the year, after tax		**-9 995**	**1 257**	**-16 564**	**618**

BALANCE SHEET

31 December

	Note	31 Dec 2015 EUR´000	31 Dec 2014 EUR´000	As of 1 January 2014* EUR´000
Assets				
Non-current assets				
Vessels, including fixtures & equipment	3	166 352	164 966	126 287
Financial assets		6 057	-	-
Deferred tax assets		699	-	-
Non-current assets		**173 108**	**164 966**	**126 287**
Current assets				
Trade and other receivables		634	1 726	2 062
Cash and cash equivalents		2 122	4 594	6 101
Current assets		**2 756**	**6 320**	**8 162**
Total assets		**175 864**	**171 286**	**134 450**
Equity and Liabilities				
Equity				
Share capital		11 093	7 763	2 026
Reserves		140	180	136
Retained earnings		18 021	32 880	33 319
Total equity attributable to owners of DBB Jack-Up Services A/S		**29 253**	**40 822**	**35 481**
Non-controlling interests		13 326	14 991	13 979
Total equity		**42 580**	**55 813**	**49 460**
Liabilities				
Non-current liabilities				
Subordinated loans		29 312	32 416	35 739
Bank and bond loans		95 849	65 682	23 034
Deferred income tax liabilities		1 909	5 795	4 428
Provision for other liabilities		231	139	60
Total non-current liabilities		**127 301**	**104 031**	**63 261**
Current liabilites				
Bank and bond loans		3 960	6 922	8 491
Trade and other payables		1 675	4 172	12 970
Provision for other liabilities		348	348	268
Total current liabilites		**5 983**	**11 442**	**21 730**
Total liabilities		**133 284**	**115 473**	**84 990**
Total equity and liabilites		**175 864**	**171 286**	**134 450**

** Opening balance sheet according to IFRS (for additional information, please refer to note 7)*

STATEMENT OF CASH FLOWS

1 January - 31 December

	Note	2015 Q4 EUR´000	2014 Q4 EUR´000	2015 Q1 - Q4 EUR´000	2014 Q1 - Q4 EUR´000
Income before tax		**-12 702**	**2 869**	**-21 154**	**1 930**
Operating activities					
Adjustments for non-cash items					
Reserved financial expenses, net		8 162	245	14 221	793
Depreciation and writedowns for the period		1 885	564	5 967	1 912
Other adjustments		-84	21	-94	87
Working capital adjustments					
Change in trade receivables		-737	-1 189	954	331
Change in trade payables		1 627	3 482	-1 000	-5 920
Financial payments					
Financial receipts		61	4	108	8
Financial payments		-9 187	-1 043	-14 094	-4 568
Income tax expense					
Income tax expense		-	-	-	-
Net cash flows from operating activities		**-10 976**	**4 953**	**-15 092**	**-5 427**
Investing activities					
Purchase of vessel, including fixtures & equipment (excl. interest)		-973	-20 057	-5 004	-29 535
Other cash flows from investing activites		-6 057	-	-6 057	-
Net cash used in investing activities		**-7 030**	**-20 057**	**-11 061**	**-29 535**
Financing activities					
Proceeds from issuance of ordinary shares		-	5 736	3 350	5 736
Proceeds from bank and bond loans		100 000	-2 258	100 000	44 375
Change of subordinated loans		3 350	3	6 700	-13 220
Repayment of debt to bank and bond holders		-81 673	-5 732	-85 001	-3 475
Net cash used/received in financing activities		**21 677**	**-2 251**	**25 050**	**33 415**
Net (decrease)/increase in cash and cash equivalents		**3 672**	**-17 354**	**-1 103**	**-1 547**
Cash and cash equivalents at beginning of period		-3 504	18 622	1 267	2 814
Exchange gains/losses on cash and cash equivalents		-6	-	-2	-
Cash and cash equivalents at end of period*		**162**	**1 267**	**162**	**1 267**

** Cash and cash equivalents in the cash flow statement include drawings on working capital facility*

Statement of changes in equity Q1 - Q4 2015

	Attributable to owners of the DBB Jack-Up Services A/S							
	Share capital	*Reserve for warrants*	*Translation reserves*	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2014	**7 763**	***136***	***44***	**180**	**32 881**	**40 823**	**14 991**	**55 813**
Total comprehensive income for the year, after tax	-	-	*-40*	-40	-14 859	-14 899	-1 665	-16 564
Capital increase	3 330	-	-	-	-	3 330	-	3 330
Balance at 31 December 2015	**11 093**	*136*	*4*	**140**	**18 022**	**29 254**	**13 326**	**42 580**

Share capital

In 2015, the share capital was increased by 25,000,000 B shares of DKK 1 each (EUR 3,330k) by means of a cash payment. At the end of 2015, the share capital consisted of 82,782,192 shares of DKK 1 each (EUR 11,093K). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 67,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

Reserves

Reserves on equity consist of the following:

Reserve for warrants consists of warrants to management, selected employees and the subordinated loan provider.

The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK and translation from the functional currency to the presentation currency.

Statement of changes in equity Q1 - Q4 2014

	Attributable to owners of the DBB Jack-Up Services A/S							
	Share capital	*Reserve for warrants*	*Translation reserves*	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014 (Danish GAAP)	**2 026**			**-**	**33 455**	**35 481**	**-**	**35 481**
Adjustments (see note 6):								
Full consolidation of Jack-Up InvestCo 3 Plc.	-	-	-	**-**	-	-	13 979	13 979
Reserve for equity settled warrants	-	*136*	-	136	-136	-	-	-
Balance at 1 January 2014 (IFRS)	**2 026**	***136***	**-**	**136**	**33 319**	**35 481**	**13 979**	**49 460**
Capital increase by conversion of debt	5 736	-	-	**-**	-	5 736	-	5 736
Total comprehensive income for the year, after tax	-	-	*44*	44	-439	-395	1 012	618
Balance at 31 December 2014 (IFRS)	**7 763**	*136*	*44*	**180**	**32 881**	**40 823**	**14 991**	**55 813**

Share capital

In 2014, the share capital was increased by 42,663,782 B shares of DKK 1 each (EUR 5,736k) by conversion of debt.

At the end of 2014, the share capital consisted of 57,782,198 shares of DKK 1 each (EUR 7,763k). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 42,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

Reserves

Reserves on equity consist of the following:

Reserve for warrants consists of warrants to management, selected employees and the subordinated loan provider.

The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK and translation from functional currency to the presentation currency.

Note 1 - TOTAL COMPREHENSIVE INCOME BY QUARTER

INCOME STATEMENT BY QUARTER

1 January - 31 December	2015 Q4 EUR´000	2015 Q3 EUR´000	2015 Q2 EUR´000	2015 Q1 EUR´000	2014 Q4 EUR´000
Revenue	308	1 325	6 478	1 028	4 915
Project related expenses	-36	-28	47	-255	-17
Operation of vessels	-1 657	-1 444	-1 490	-1 603	-906
Gross profit (net earnings from vessel activities)	**-1 385**	**-147**	**5 034**	**-830**	**3 993**
Administrative expenses	-742	-160	65	-941	-163
Staff costs, office staff	-528	-441	-476	-416	-152
Earnings before interest, tax, depreciation etc. (EBITDA)	**-2 655**	**-748**	**4 624**	**-2 187**	**3 678**
Depreciation	-1 885	-1 505	-1 301	-1 277	-564
Earnings before interest and tax (EBIT)	**-4 541**	**-2 253**	**3 322**	**-3 464**	**3 114**
Financial income	61	-0	7	41	267
Financial expenses	-8 222	-2 995	-1 554	-1 555	-512
Income before tax	**-12 702**	**-5 248**	**1 775**	**-4 978**	**2 869**
Tax on profit (loss)	2 748	1 121	-156	918	-1 656
Income for the year	**-9 955**	**-4 127**	**1 619**	**-4 060**	**1 213**
Attributable to:					
Owners of DBB Jack-Up Services A/S	-8 103	-4 091	1 800	-4 464	-439
Non-controlling interests	-1 851	-37	-180	404	1 012
Income for the year	**-9 955**	**-4 127**	**1 619**	**-4 060**	**1 213**

STATEMENT OF COMPREHENSIVE INCOME BY QUARTER

1 January - 31 December	2015 Q4 EUR´000	2015 Q3 EUR´000	2015 Q2 EUR´000	2015 Q1 EUR´000	2014 Q4 EUR´000
Income for the year	**-9 955**	**-4 127**	**1 619**	**-4 060**	**1 213**
Items that will be reclassified subsequently to the income statement when specific conditions are met:					
Exchange adjustments of foreign entities, net of tax	-40	-	-	-	44
Total comprehensive income for the year, after tax	**-9 995**	**-4 127**	**1 619**	**-4 060**	**1 257**
Attributable to:					
Owners of DBB Jack-Up Services A/S	-8 143	-4 091	1 800	-4 464	245
Non-controlling interests	-1 851	-37	-180	404	1 012
Total comprehensive income for the year, after tax	**-9 995**	**-4 127**	**1 619**	**-4 060**	**1 257**

Note 2 - Segment reporting

The internal reporting framework used for reporting on revenue and expenses to the Executive Management Team and the Board of Directors has been set up to reflect and report on jack-up vessel revenue and expenses. As all three jack-up vessels operate on similar assignments, management reviews the results of the Group as a whole to assess performance: Thus, there is only one operating segment.

Revenue

The Group operates in Northern Europe. The geographical distribution of revenue is based on the country in which the wind farm is located.

Geographical distribution of revenue	2015 EUR´000	2014 EUR´000
Denmark	378	834
United Kingdom	1 439	3 870
Germany	5 433	-
Benelux countries	1 887	2 029
Other*	-	3 700
Total	**9 138**	**10 433**

** Other revenue 2014 includes loss-of-revenue compensation in connection with the late delivery of J/U WIND SERVER*

Sales to the two largest customers make up 59% and 32%, respectively, of total revenue in 2015 (2014: 42% and 40%, respectively)

Note 3 - Vessels and equipment

2015 **EUR´000**	**Fixtures & equipment**	**Vessels under construction**	**Vessels**	**Total**
Cost as at 1 January	626	84 449	89 056	174 131
Exchange rate adjustments	-2	-214	-226	-442
Additions	154	5 915	1 700	7 769
Disposals	-			-
Transferred during the year	-	-90 149	90 149	-
Cost as at 31 December	**779**	**-**	**180 679**	**181 458**
Depreciation as at 1 January	-137		-9 028	-9 165
Exchange rate adjustments	0		23	23
Depreciation	-165		-5 799	-5 964
Disposals				
Depreciation as at 31 December	**-301**	-	**-14 804**	**-15 105**
Impairment losses as at 1 January	-	-	-	-
Impairment losses as at 31 December	-	-	-	-
Carrying amount as at 31 December	**478**	**-**	**165 875**	**166 353**
- of which capitalised interests			18 833	18 833

2014 **EUR´000**	**Fixtures & equipment**	**Vessels under construction**	**Vessels**	**Total**
Cost as at 1 January	241	99 183	34 096	133 520
Exchange rate adjustments	1	160	76	
Additions	384	39 613	376	40 374
Disposals				-
Transferred during the year		-54 508	54 508	-
Cost as at 31 December	**626**	**84 449**	**89 056**	**174 131**
Depreciation as at 1 January	-55		-7 178	-7 233
Exchange rate adjustments	0		-16	-16
Depreciation	-82		-1 834	-1 916
Disposals	-		-	-
Depreciation as at 31 December	-137	-	-9 028	-9 165
Impairment losses as at 1 January	-	-	-	-
Impairment losses as at 31 December	-	-	-	-
Carrying amount as at 31 December	**489**	**84 449**	**80 028**	**164 967**
- of which capitalised interests		8 256	8 200	16 456

Note 3 - Vessels and equipment - continued

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount – measured using the higher of the fair value less cost to sell and value in use. An impairment loss is recognised if the higher of the fair value less cost to sell and value in use is less than the carrying amount of the assets.

The fair value less cost to sell is estimated based on independent broker indications, providing a range for what is expected to be the fair value of the assets. The value in use is calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, including any concluded framework agreements and signed charters and by using estimated utilisation and average day rates from a market study contracted by the company. The exact value used to measure impairment charges is subject to uncertainty and is based on what the company believes is the best estimate of the fair value.

Management's assessment of indication of impairment on vessels is based on the cash-generating unit (CGU) in which all jack-up vessels are included (jack-up vessel segment).

As cash flows from the CGU in 2015 were lower than expected, a further impairment test is carried out based on value in use. The impairment test is done by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives, including any concluded framework agreements and signed charters, using estimated utilisation and average day rates from a market study contracted by the company and a determined WACC of 8.4%. The value in use was estimated to be materially higher than the carrying amount of EUR 165,875k.

Management assesses that the long-term value at the close of the financial year exceeds the carrying amounts, and accordingly, there is no indication of impairment.

Note 4 - Commitments and contingencies

Commitments (operating lease arrangements)
Operating leases relate to leases of head office and cars.

Recognised in the income statement in respect of rentals incl. commitments	2015 EUR´000	2014 EUR´000
Recognised in the income statement in respect of rentals	146	165
Lease commitments:		
0 - 1 year	113	14
1 - 5 years	193	-
After 5 years	-	-
Total lease commitments	**306**	**14**

Contingencies

Security

In November 2015, the company issued a bond for an amount of EUR 100,000k and obtained a working capital facility consisting of an overdraft facility and performance guarantees. The overdraft facility is limited to DKK 75,000k (EUR 10,053k) until 26 November 2016, from which date the facility will be reduced to DKK 50,000k (EUR 6,702k). The bondholders and the provider of the working capital facility have entered into an intercreditor agreement sharing the following security:

- The Group's three vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) with a total carrying amount of EUR 165,875k (2014: EUR 164,477k) have been pledged for a total amount of EUR 195,003k (2014: EUR 82,688k).
- The Group's deposit, at any time, on Retention Account in SEB.
- The Group's entitlements under insurances related to its three vessels (J/U WIND, J/U WIND PIONEER and J/U WIND SERVER) other than third party liability insurances.
- The Group's rights and entitlements under the three-year charter of J/U WIND SERVER to Siemens Wind Power A/S.

Guarantees

As part of the working capital facility, the Group's bank has provided a performance guarantee in connection with the three-year charter of J/U WIND SERVER to Siemens Wind Power A/S. The guarantee amounts to EUR 7,107k (2014: EUR 0k), with a quarterly adjustment during the lifetime of the charter. The guarantee is an on-demand guarantee and serves to guarantee the full and punctual performance of DBB Jack-Up Services A/S's obligations and payment of any sums that DBB Jack-Up Services A/S is liable to pay under or in connection with the charter contract. The executed guarantee has been delivered to charterers ninety days prior to the delivery date, and shall remain valid until ninety days after the expiry of this charter contract.

Unrecognised contingent liabilities

There are pending disputes with individual suppliers. Management believes that the outcome of these will not have a material impact on the company's financial position.

Note 5 - Related party transactions

The Group's transactions with related parties consist of remuneration of Executive Management and Board of Directors and trading with related parties.

Trading and accounts with related parties	2015 EUR´000	2014 EUR´000
Administrative expenses:		
Rent and consulting to Dansk Bjergning og Bugsering A/S*	258	350
Financial expenses:		
Interest on shareholder loan Jack-up Holding A/S	-	514
Interest on shareholder loan Dansk Bjergning & Bugsering Holding ApS	-	284
Interest on shareholder loan OY Finans ApS	-	73
Vessels, including fixtures & equipment		
CAPEX relating J/U WIND PIONEER to Orskov Yard A/S **	523	-
Intercompany balances		
Effect of joint taxation with Jack-Up Holding A/S and Anpartsselskabet af 1. December 2011	30	-

** Dansk Bjergning og Bugsering A/S is a subsidiary of Dansk Bjergning & Bugsering Holding ApS*
*** Orskov Yard A/S is a subsidiary of OY Finans ApS*

No other material transactions took place during the year with the Board of Directors, the Executive Management, major shareholders or other related parties.

Ownership structure
DBB Jack-Up Services A/S is controlled by Jack-Up Holding A/S, which holds 59.5% of the votes in DBB Jack-Up Services A/S. Dansk Bjergning & Bugsering Holding ApS and OY Finans ApS hold 25.1% and 14.8% of the votes respectively. The remaining shares, equivalent to 0.6% of the votes, are held by management. The ultimate parent of the Group is Jack-Up Holding A/S's holding company Anpartsselskabet af 1. december 2011.

The above-mentioned companies are considered related parties, including their subsidiaries and associates, Board of Directors and the Executive Management of these entities together with their immediate families.

Furthermore, DBB Jack-Up Services A/S's subsidiaries, as well as the Board of Directors and the Executive Management of DBB Jack-Up Services A/S together with their immediate families, including companies where the above persons have control or joint control, are considered related parties.

All agreements relating to these transactions are based on market price (arm's length).

Note 6 - Subsequent events

Other than the developments disclosed in the review, no significant events have occurred between the end of the quarter and publication of this interim report which materially affect the results for the period or the financial position.

Note 7 - First time adoption of IFRS

This interim report for the fourth quarter of 2015 is the first the Group has prepared in accordance with IFRS as adopted by the EU. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements and interim reports in accordance with Danish generally accepted accounting principles (GAAP).

Accordingly, the Group has prepared financial reports which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the fourth quarter ended 31 December 2014, as described in the basis of reporting. In preparing this interim report, the Group's opening balance sheet was prepared as at 1 January 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Danish GAAP balance sheet as at 1 January 2014 and its previously published Danish GAAP financial statements as at and for the year ended 31 December 2014.

Exemption applied
Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2014.

Estimates
The estimates at 1 January 2014 and at 31 December2014 are consistent with those made for the same dates in accordance with Danish GAAP (after adjustments to reflect any differences in accounting policies).

Note 7 - First time adoption of IFRS – continued

Reconciliation of equity and total comprehensive income

A reconciliation between the Danish GAAP financial statements and the opening IFRS balance sheet as at 1 January 2014 is listed below, including descriptions of all remeasurements.

Reconciliation of equity as at 1 January 2014

EUR	Danish GAAP	Notes	Remea-surements	IFRS as at 1 January 2014
Assets				
Non-current assets				
Vessels	98 412	A)	27 875	126 287
Fixtures and equipment	185	B)	-185	-
Financial assets	-			
Other receivables	6 733	A)	-6 733	-
Total non-current assets	**105 330**			**126 287**
Current assets				
Trade and other receivables	2 226	A)	-164	2 062
Cash and cash equivalents	5 878	A)	222	6 101
Total current assets	**8 104**			**8 162**
Total assets	**113 434**			**134 450**
Equity and liabilities				
Equity				
Share capital	2 026			2 026
Reserves		C)	136	136
Retained earnings	33 455	C)	-136	33 319
Total equity attributable to owners of DBB Jack-Up Services A/S	**35 481**			**35 481**
Non-controlling interests	-	A)	13 979	13 979
Total equity	**35 481**			**49 460**
Liabilities				
Non-current liabilities				
Subordinated loans	29 005	A)	6 734	35 739
Bank and bond loans	23 034			23 034
Deferred income tax liabilities	4 428			4 428
Provision for other liabilities	60			60
Total non-current liabilities	**56 527**			**63 261**
Current liabilites				
Bank and bond loans	8 491			8 491
Trade and other payables	12 935	A) + D)	35	12 970
Provision for other liabilities	-	D)	268	268
Total current liabilites	**21 426**			**21 730**
Total liabilities	**77 953**			**84 990**
Total equty and liabilites	**113 434**			**134 450**

Note 7 - First time adoption of IFRS – continued

Reconciliation of total comprehensive income for the year ended 31 December 2014

EUR	Danish GAAP	Notes	Remea-surements	IFRS as at 1 January 2014
Revenue	**8 583**	A)	1 850	10 433
Project-related expenses	-383			-383
Operation of vessels	-1 414	B)	-1 833	-3 247
Gross profit (net earnings from vessel activities)	**6 786**			**6 804**
Administrative expenses	-676	A) + B)	61	-615
Gross profit	**6 111**			**6 189**
Staff costs	-3 194	A) + B)	1 641	-1 554
Earnings before interest, tax, depreciation etc. (EBITDA)	**2 916**			**4 635**
Depreciation and writedowns	-1 848	A)	-64	-1 912
Earnings before interest and tax (EBIT)	**1 068**			**2 723**
Financial income	772			772
Financial expenses	-1 450	A)	-114	-1 565
Profit before income tax	**389**			**1 930**
Tax on profit (loss)	-828	A)	-528	-1 356
Profit for the year	**-439**			**574**
Attributable to:				
- Owners of DBB Jack-Up Services A/S	-439			-439
- Non-controlling interests	-	A)	1 012	1 012
	-439		**-**	**574**
Items that will be reclassified subsequently to the income statement when specific conditions are met:				
Exchange adjustments of foreign entities, net of tax	-		44	44
Total comprehensive income for the year, after tax	**-439**			**618**
Attributable to:				
Owners of DBB Jack-Up Services A/S				-395
Non-controlling interest				1 012
Total comprehensive income for the year, after tax				**618**

A) 100 % consolidation of the 50% / 50% company Jack-Up InvestCo. 3 Plc.

Under Danish GAAP, the 50% investment in Jack-Up InvestCo. 3 Plc. was consolidated pro-rata. According to IFRS, the consolidation principle is an overall evaluation of the:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee, and;
- the ability to use its power over the investee to affect the amount of the investor´s returns

Based on management's evaluation of the above and our unconditional right to purchase the remaining shares, Jack-Up InvestCo 3 Plc. is 100 % consolidated in the balance sheet as at 1 January 2014.

Note 7 - First time adoption of IFRS – continued

A) 100 % consolidation of the 50% / 50% company Jack-Up InvestCo. 3 Plc. - Continued

The effect of the 100 % consolidation of Jack-Up InvestCo. 3 Plc. is listed below:

EUR	Remaining 50%	Eliminations	Total
Balance sheet	EUR´000	EUR´000	EUR´000
Vessels, incl. fixtures and equipment	*27 690*		*27 690*
Other receivables		*-6 733*	*-6 733*
Trade receivables	*25*	*-190*	*-164*
Cash	*222*		*222*
Non-controlling interests	*13 979*		*13 979*
Subordinated loan	*13 656*	*-6 923*	*6 734*
Trade payable	*303*		*303*
Income statement			
Revenue	*1 850*		*1 850*
Administrative expenses	*118*		*118*
Staff costs	*13*		*13*
Depreciation	*64*		*64*
Financial expense	*114*		*114*
Tax	*528*		*528*
Non-controlling interests	*1 012*		*1 012*

B) Reclassification of fixtures and reclassification of staff costs to operation of vessel

According to Danish GAAP, fixtures and equipment of EUR 185k were recognised in the balance sheet. According to IFRS, fixtures and equipment can be recognised as being part of the vessel.
According to Danish GAAP, staff costs consist of both crew salaries and office staff salaries. According to IFRS, crew salaries of EUR 1,641k are recognised in the line item "Operation of vessels".

C) Equity settled employee benefits

According to Danish GAAP, equity settled warrants issued to management and the subordinated loan provider were not recognised in the financial statements. According to IFRS, fair value is recognised during the vesting period in the income statement and as a reserve on equity. The warrants vested at the time of allocation, and as the warrant programme was established in 2012, the fair value was recognised in retained earnings as at 1 January 2014. The fair value is based on the formula of the Danish National Tax Assessment Board and is calculated at EUR 136k.

D) Reclassification of holiday accrual to provisions

According to Danish GAAP, the provision for employees’ holiday of EUR 268k, was recognised as "Trade and other payables". In the IFRS financial statements, the amount is disclosed as a current "Provision for other liabilities".

Statement of cash flows

The transition from Danish GAAP to IFRS has not had a material impact on the statement of cash flows, the effect of the additional consolidation of Jack-Up InvestCo. 3 Plc. affecting the following categories in cash flows:

	EUR´000
Purchase of non-current assets (excl. interest)	*-10 653*
Proceeds from bank and bond loans	*20 000*
Repayment of subordianted loans	*-7 250*

Note 7 - First time adoption of IFRS – continued

Reconciliation of equity as at 31 December 2014

EUR	Danish GAAP	Notes	Remea-surements	IFRS as at 31 December 2014
Assets				
Non-current assets				
Vessels	123 463	A)	41 504	164 966
Fixtures and equipment	370	B)	-370	-
Financial assets	-		-	-
Other receivables	3 380	A)	-3 380	-
Total non-current assets	**127 212**		**37 754**	**164 966**
Current assets				
Trade and other receivables	1 746	A)	-20	1 726
Cash and cash equivalents	2 668	A)	1 926	4 594
Total current assets	**4 414**		**1 905**	**6 320**
Total assets	**131 626**		**39 660**	**171 286**
Equity and liabilities				
Equity				
Share capital	7 763	-	-	7 763
Reserves	-	C)	180	180
Retained earnings	33 060	C)	-180	32 880
Total equity attributable to owners of DBB Jack-Up Services A/S	**40 822**	-	-	**40 822**
Non-controlling interests	-	A)	14 991	14 991
Total equity	**40 822**		**14 991**	**55 813**
Liabilities				
Non-current liabilities				
Subordinated loans	29 037	A)	3 379	32 416
Bank and bond loans	46 911	A)	18 770	65 682
Deferred income tax liabilities	5 267	A)	528	5 795
Provision for other liabilities	139	-	-	139
Total non-current liabilities	**81 353**		**22 678**	**104 031**
Current liabilites				
Bank and bond loans	6 152	A)	770	6 922
Trade and other payables	3 299	A) + D)	872	4 172
Provision for other liabilities	-	D)	348	348
Total current liabilites	**9 451**			**11 442**
Total liabilities	**90 804**			**115 473**
Total equty and liabilites	**131 626**			**171 286**

A) 100 % consolidation of the 50% / 50% company Jack-Up InvestCo. 3 Plc.

B) Reclassification of fixtures and reclassification of staff costs to operation of vessels

C) Equity settled employee benefits

D) Reclassification of holiday accrual to provisions

Note 8 - Basis of reporting

General information

DBB Jack-Up Services A/S is a public limited company incorporated in Denmark.
The consolidated financial statements of the DBB Jack-Up Services A/S group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

For all periods up to and including the year ended 31 December 2014, the Group prepared its financial statements and interim reports in accordance with Danish generally accepted accounting principles. This financial report for the fourth quarter ended 31 December 2015 is the first the Group has prepared in accordance with IFRS. Note 5 provides information on how the Group adopted IFRS.

The consolidated financial statements are presented in EUR thousands (EUR ´000).

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies.

This note provides a list of the significant accounting policies adopted in the preparation of this financial reporting. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of DBB Jack-Up services A/S and its subsidiaries.

Furthermore the note lists the significant accounting judgements, estimates and assumptions used in this financial reporting.

Accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved when the company:

- has the power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee, and;

- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the company, other vote holders or other parties;

- rights arising from other contractual arrangements, and;

- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the DBB Jack-Up Services A/S and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for DBB Jack-Up services A/S is DKK, however the consolidated financial statements are presented in euro because the main financing is in euro.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement under financial expenses. All other foreign exchange gains and losses are presented in the income statement on a net basis under other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and;

- all resulting exchange differences are recognised in other comprehensive income.

Foreign currency translation

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Leasing:

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 2 "Vessels and equipment"). Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and financial expenses. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 3 "Commitments and contingencies"). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Income statement

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

For vessels on time charters, that is operating leases, charter hire is recognised on a straight-line basis over the term of the lease.

Project-related expenses
Project-related expenses consist of expenses in relation to projects and primarily involve expenses to subcontractors, tugboat, seabed analysis and special equipment used for operations. Like revenue, operating costs are recognised upon delivery of the service.

Operation of vessels
Operation of vessels comprises expenses other than project-related expenses incurred to generate the revenue for the year. Vessel operating costs include the above categories. Like revenue, operating costs are recognised upon delivery of the service.

Administrative expenses
Administrative expenses comprise cost of rent, travel, external expenses and other office expenses etc. Administrative expenses are recognised upon delivery of the service.

Current income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Balance sheet
Vessels and equipment
The Group's accounting policy for vessels and fixtures and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels:	between 20 and 30 years
Installed equip. on vessel:	between 3 and 12 years
Machinery & tools:	between 3 and 10 years

Docking costs of the vessels are capitalised and depreciated over the period until the next docking.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Trade receivable and work in progress
Trade receivables are recognised at amortised cost less provision for impairment where it is assessed that an objective indication of impairment has occurred. Impairment is performed on an individual basis.

Other receivables and prepayments
Other receivables comprise VAT receivables and deposits and other receivables.

Prepaid expenses comprise expenses paid relating to subsequent financial years such as rent, insurance premiums, subscription fees and interest and fees.

Other receivables and prepaid expenses are measured at amortised cost or net realisable value, whichever is lower.

Loans
Loans are initially recognised at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans using the effective interest method.

Loans are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
Other borrowing costs are expensed in the period in which they are incurred.

Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

DBB Jack-up services is jointly taxed with the subsidiary Jack-Up InvestCo. 2 A/S and the parent company Jack-up Holding A/S and the ultimate parent company Anpartsselskabet af 1. december 2011. Anpartsselskabet af 1. december 2011 is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income.

Provisions
Provisions are recognised when, as a consequence of an event that has occurred before or on the reporting date, the Group has a legal or constructive obligation, and it is likely that economic benefits will flow from the company to meet the obligation. Employee Benefits include provision for employee bonus, both short and long term and holiday provision.

Trade payables
Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other Liabilities represent accruals for primarily Interests and VAT.

Trade payables and other liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Contingencies:
Contingent assets are recognised when it is practically certain that the claim will have a positive outcome for the Group. A contingent liability is recognised if it is likely that the claim will have a negative outcome and when the amount is estimable. If this is not the case, the matter is an unrecognised contingent liability.

Cash flows
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest payments and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of bank and bond debt, acquisition and disposal of subordinated debt and payment of dividends to shareholders.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial reporting requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustments to the carrying amounts of asset and liability affected in future periods.

Judgements

In the process of applying DBB Jack-Up Services A/S's accounting policies, management has made the following judgements which have the most significant effects on the amounts recognised in the financial statements.

100% consolidation of Jack-Up InvestCo. 3 Plc.
According to IFRS, the consolidation principal is an overall evaluation of the

- power the investee;

- exposure, or rights, to variable returns from its involvement with the investee, and;

- the ability to use its power over the investee to affect the amount of the investor´s return.

Based on management's evaluation of the above and our unconditional right to purchase the remaining shares, Jack-up InvestCo. 3 Plc is 100 % consolidated in the balance sheet from 1 January 2014.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that involve a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in relevant notes listed below.

The accounting estimates and assumptions which management deems to be significant to the preparation of the consolidated financial statements are:

Impairment of vessels
Significant accounting estimates include i.e. estimates of useful lives, residual values and impairment on tangible assets.
Useful lives of the vessels
The useful lives of the vessel are assessed annually by the operation manager. At the current depreciation rate, the vessel are fully depreciated over between 14 to 27 years. This is in line with the expected useful lives of the vessels of 20 to 30 years.

Residual values
The residual values of the vessels are estimated at zero as it is expected that the scrapping of the vessel will include expenses equivalent to the price of steel.

Impairment
Due to material amount of "open charter days", where the estimated revenue is based on a market study, the value in use calculation is sensitive to fluctuations in expected day rate and utilisation of the vessels. However, an increase of the WACC of 2 basis point to 10.4% and a reduction of either 20% in utilisation or day rates will not lead a value in use lower than the current carrying amount of the vessels.

Leases
Management's assessment of whether leases on vessels should be classified as finance or operating leases is based on an overall evaluation of each lease. In finance leases, a non-current asset and a payable are recognised. In classification as operating leases, the regular lease payments are generally recognised in the income statement.

Deferred tax
Deferred tax is recognised based on the assumption that DBB Jack-Up Services A/S continues under the corporate tax regime, and on expectations of future activity.

Provisions
Provisions for trade receivables
Provisions for bad debts are determined on the basis of customers' ability to pay, considering historical information about payment patterns, doubtful debts, customer concentrations, customer creditworthiness and collateral received as well as prevailing economic conditions. Estimates made are updated if the debtor's ability to pay changes.

Provisions
The determination of provisions is based on management's best estimate of future events and is therefore subject to significant uncertainty. The employees bonus programme is based on realised EBITDA figures. It is estimated that the target will be met for the long term bonus and the current year bonus for 2015.
Holiday provisions are estimated based on employee turnover, number of expected vacation days, and future salary increases.

Contingent liabilities
Information on contingent assets and liabilities and when recognition should be made as an asset and a liability,

respectively, is based on assessments of the expected outcome of each claim. The assessments are made on the basis of legal assessments of the signed agreements, which in substantial claims also include assessments obtained from external advisors, including lawyers.

New standards and interpretations not yet adopted

The IASB has issued a number of new or amended standards and interpretations that are not mandatory for the consolidated financial statements for 2015, some of which have not yet been endorsed by the EU. DBB Jack-Up Services A/S expects to adopt the standards and interpretations when they become mandatory. None of these are expected to have a significant impact on recognition and measurement, but may lead to further disclosures in the notes.

IFRS 15 – Revenue from Contracts with Customers was published in May 2014 and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard requires extensive disclosures. The standard is effective for annual periods beginning on or after 1 January 2018. The standard is not expected to have a significant effect on recognition and measurement, but is expected to increase disclosures due to the extensive disclosure requirements in this respect.

Management statement
The Board of Directors and Executive Management have reviewed and approved the financial report of DBB Jack-Up Services A/S for Q4 2015. The financial report has not been audited or reviewed by the company's independent auditors.

The financial report has been prepared in accordance with IFRS. In our opinion, the accounting policies used are appropriate and the overall presentation of the financial report for 2015 is adequate. Furthermore, in our opinion, the Management Review includes a true and fair view of the development in the operations and financial circumstances, of the results for the period and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group in accordance with disclosure requirements for issuers of bonds listed on the Oslo Stock Exchange.

Horsens, 26 February 2016

Executive Management

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Thorsten Jalk
CEO

Board of Directors

______________	________________	_________________
Vagn Lehd Møller Chairman	Ove Carsten Eriksen	Esben Bay Jørgensen
___________________	___________	
Lars Thorsgaard Jensen	Jess Abildskou	

Financial calendar 2016
Annual report 2015 – end April 2016
Interim report Q1 2016 – 25 May 2016
Interim report Q2 2016 – 17 August 2016
Interim report Q3 2016 – 17 November 2016

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